CHAPTER V

HOUSING

PURPOSE

The Housing Chapter is a statement of Lafayette's vision regarding existing and future housing needs. This Housing Chapter has been prepared to meet recent changes in the City's population and housing needs and to incorporate the revised regional housing needs allocation provided by the State Department of Housing and Community Development in concert with the Association of Bay Area Governments.

The Housing Chapter consists of two major sections. Section I contains the goals, policies and implementation programs. Section II contains an analysis of the housing needs of all economic segments of the community. The goals and policies are based on the needs identified in following sections.

The single most important goal of the Lafayette Housing Chapter is to achieve an adequate supply of safe, decent housing for all residents of Lafayette. In order to achieve this goal, the policies and programs of the Housing Chapter address several major issues:

- Maintaining and preserving the existing housing stock
- Retaining the character of Lafayette's residential neighborhoods
- Meeting the City's regional housing needs allocations
- Providing additional affordable housing, particularly for senior citizens and young families

The Housing Chapter addresses the requirements of California Government Code §65583. The format of the Housing Chapter follows very specific State guidelines with respect to the subjects covered and the data that is analyzed.

The City has a commitment to Lafayette residents to maintain the identity and quality of the residential neighborhoods. At the same time, the City also recognizes that it must try to meet its share of regional housing needs. The Housing Chapter articulates Lafayette's housing goals in relation to the constraints to housing development and to the housing market. The element establishes policies to guide decision-makers and implement comprehensive programs to meet community housing needs.

RELATIONSHIP OF THE HOUSING CHAPTER TO THE GENERAL PLAN

The *Housing Chapter* is one of seven required general plan elements and is an integral part of the Lafayette General Plan. Since the majority of Lafayette's land use is in housing, the Housing Chapter is a key component of the City's future plans. The policies and programs contained in this chapter are based on a seven-year time frame.

State law provides direction on how cities can maintain the General Plan as a policy guide by requiring the Planning Division to report annually to the City Council on "the status of the plan and progress in its implementation" (Government Code Section 65400 [b]). State law (Section 65588 [b]) further provides that "the housing element shall be revised as appropriate, but not less than every five years, to reflect the results of this periodic review". As required by the State, the current planning period extends from July 1, 2007 through June 30, 2014.

Consistency of the Housing Chapter with the other elements of the City's General Plan is essential to having a complete and legally adequate General Plan. This updated Housing Chapter has been reviewed and found to be consistent with the other chapters of the City's General Plan. It is anticipated that the majority of future residential growth will take place in the Downtown and on a small number of vacant and underdeveloped lots scattered throughout the city.

PUBLIC PARTICIPATION

The Downtown Strategy and Specific Plan process, initiated in early 2008, provides focus on housing issues and needs in the Downtown. The Strategy establishes a comprehensive vision and specific plan for housing and commerce that will guide the direction of development in the Downtown for the next 20 years. In 2007, the Downtown was designated as a Priority Development Area by the Association of Bay Area Governments. The City was then awarded a $150,000 Station Area Planning grant from the Metropolitan Transportation Commission and Association of Bay Area Governments to complete the environmental review of the draft Strategy document once it is completed.

Because of the overlap between that process and the Housing Element update, public outreach efforts adopted by the Downtown Strategy are included here. The following efforts were made to reach out to the public:

Activity	Outreach
Vistas	The downtown planning process was explained on front page of Winter 2007 edition. *The Strategy for Downtown Lafayette* was the headline and main story in the Summer 2007 edition. A summary of the citywide survey was in the Fall 2007 edition. An article about downtown planning and climate protection was in the Spring 2008 edition. The Winter 2009 edition features the Draft Strategy and Specific Plan.
Citywide Survey	A citywide survey and cover letter explaining the Strategy process was sent to about 11,000 residences and businesses. A return rate of this type of survey is typically around 10%; the

Activity	Outreach
	return rate of this survey was about 24%.
City Website	The website has a section on the homepage for the Strategy. The page is updated regularly with information and exhibits.
Advisory Committee meetings	To date, 21 meetings have been held. Agendas with date, time and location of each meeting are listed on the City's website under Downtown Strategy news and meetings are on the City Calendar. Meeting notes and other documents are also posted on the website.
Community Workshops	Three workshops have been held to date. Approximately 70-100 people attended each. Workshops are advertised with display ads in the *Sun*. Postcard and email announcements are sent to 300-400 homeowner groups, major downtown property owners and businesses, Chamber, schools, and interested parties. Workshop #1 was announced in the Summer 2007 *Vistas* and cover letter for the citywide survey. Workshop #3 was announced in the Winter 2009 *Vistas*.
City Manager's Friday Message	Current information about the Strategy is included regularly in the Message. This has a large email distribution, and it is posted every week as the first item on the City's homepage.
Stakeholder Interviews	On January 25, 2008, the consultants held interviews with representatives from the following groups: Town Hall Theater; Bicycle & Pedestrian Advisory Committee; Sustainable Lafayette; Lafayette Methodist Church (downtown property owner, historic building); Lafayette School District; Acalanes High School District; and downtown small businesses.
Intercept Interviews	The consultants conducted spontaneous interviews in the Downtown and at the Community Center on March 21 and 22, 2008.
Library Display	A display of conceptual options and other information about the Strategy was at the Library from March 21 through 31. The display was announced by postcard and email to 300-400 homeowner groups, major downtown property owners and businesses, Chamber, schools, and interested parties. An article about the display was in the *Sun*. The Library averages about 500 visitors per day.
Presentation at school	City staff made a presentation to third graders that included getting their ideas about the downtown.
Lafayette Homeowners Council (LHC)	The consultants met with LHC on March 19, 2008.
Downtown Property Owners and Businesses	On January 25, 2008, personal letters were sent to approximately 60 major property owners and businesses explaining the Strategy process and inviting them to attend Workshop #2. Staff followed up with personal calls to five local major owners. On February 24th, a special meeting to present the draft Plan was held with downtown property and business owners.

Activity	Outreach
	owners.
Commissions & Committees	Advisory Committee members report back to their respective commissions on a regular basis. This includes Planning, Circulation, Parks, Trails & Recreation, Senior Services, and Creeks. The Environmental Task Force also has the Strategy as a regular item on its agendas. The draft Plan is currently being reviewed by all City commissions.

The draft Housing Element was also reviewed by the Planning Commission in a study session on January 22, 2009. Public hearings on the administrative draft were held by the Planning Commission on February 19, 2009 and the City Council on March 9, 2009. Additionally, the City is planning to hold a meeting in March with more than two dozen community based and special needs organizations to review the goals, policies and programs of the draft Element.

SECTION I: HOUSING BACKGROUND

The information presented in the Housing Background section is intended to summarize the following: demographic characteristics; employment trends; inventory of vacant residential land; and the existing constraints to the construction of housing in Lafayette. The policies and implementation programs of this chapter address housing needs identified by this section.

Information in the Housing Background section is based on the following sources: the U.S. Census (1990 and 2000); the Association of Bay Area Governments (ABAG) Projections 2007 report; the California Department of Finance; Contra Costa County; and the City's Planning Division.

The City of Lafayette is located within the Urban County of Contra Costa. Although this Housing Element presents data principally focused on the City of Lafayette, it is useful to understand the context in which Lafayette's housing concerns exist. The following introduction to the County's housing needs is derived from the County's federally-mandated Consolidated Plan of 2005.

High housing costs reduce economic opportunities, access to jobs and services, and the ability of lower-income households to live in the communities and neighborhoods of their choice. The affordability gap results in a concentration of lower-income households in older neighborhoods that have higher levels of substandard housing and overcrowding. Some of the indicators of housing need and the challenges facing the County are described below.

- Although rents moderated between 2000 and 2005, housing prices continue to rise faster than incomes. The median home price in Contra Costa County in December 2004 ($435,500) was nearly 15% higher than in December 2003 ($379,100).

- Few lower-income households can afford to purchase homes. Most households earning less than 50% of the area median income face difficulties in finding affordable rental housing, as well.

- Approximately 61,800 lower-income households in the Urban County did not have adequate housing in 2000, based on calculations provided by HUD from the 2000 Census on overpayment, overcrowding, and substandard housing conditions.

- There were only approximately 10,200 assisted rental units affordable to lower-income households as of 2005, of which over 950 were at risk of converting to market rate housing.

- Nearly 7,000 rental housing vouchers are provided by the housing authorities of Pittsburg and Contra Costa County. The County Housing Authority reports over 4,300 applicants on its waiting list for public housing and over 3,100 on the waiting list for rental housing vouchers.

- Over 7,000 beds in 473 residential care facilities are available for individuals with special needs, (such as frail elderly and persons with disabilities) who cannot live independently in conventional housing. However, this is significantly less than the population of frail elderly, disabled, and others who may need a supportive housing environment.

Due to the ongoing gap in the availability of affordable housing, the County has assigned a high priority to new housing construction, homeownership assistance, and housing rehabilitation, particularly for households earning less than 50% of the area median income. Despite the high cost, the County has determined that it is essential to expand the supply of affordable housing and supportive housing, because the affordability gap cannot be addressed solely through existing housing.

SUMMARY OF DEMOGRAPHIC TRENDS

The City of Lafayette was incorporated in 1968. The City's population has increased steadily since the 1960's, with the greatest increase occurring between 1960 and 1970, largely due to annexations along Reliez Valley Road and in the Springbrook area. Table 1 indicates that the City's population decreased by 502 persons (-2.1%) between 1980 and 1990, as compared with a 3,519-person increase (17.2%) between 1970 and 1980. By 2000, however, the population had increased 407 people (1.7%), reversing the losses of the 1980s. The Department of Finance (DOF) estimates that as of 2007, there are 23,953 persons in Lafayette, an increase of 45 persons (0.2%) since 2000.

TABLE 1
LAFAYETTE POPULATION GROWTH 1960-2007

Year	1960	1970	1980	1990	2000	2007 (est.)
Population	7,114	20,484	24,003	23,501	23,908	23,953
Number of Households	2,285	6,504	7,822	8,976	9,152	9,347
Persons per Household	3.10	2.59	2.65	2.62	2.61	2.56

SOURCE: ABAG PROJECTIONS 2007, US CENSUS, STATE DEPARTMENT OF FINANCE

Significant population growth is expected to continue for both the region and for Contra Costa County. Over the forecast period 2000 - 2015, ABAG projections indicate that the population of the nine-county Bay Area may increase by about one million people. Contra Costa County's population is projected to increase by 17% over this period to 1,107,300 persons in 2015, making it one of the fastest growing counties in the Bay Area. Although Lafayette's population is not expected to increase significantly in size, demand for housing within the City will continue to be strong as the growth in the County's population continues.

TABLE 2
LAFAYETTE POPULATION PROJECTIONS, 2000 TO 2015

	2000	2005	2010	2015
Total Population	23,908	24,400	24,500	24,700
Number of Households	9,152	9,290	9,450	9,670
Persons per Household	2.61	2.63	2.59	2.55

SOURCE: ABAG PROJECTIONS 2007

DEMOGRAPHIC TRENDS

Household Size

In 2005, there were an estimated 9,290 households in Lafayette. Between 1970 and 1980 the average household size in the nine-county San Francisco Bay Area decreased from 2.90 persons to 2.51 persons. In Lafayette this figure increased from 2.59 persons to 2.65 persons per household (see Table 1). Average household size in Lafayette has been marginally higher than for the region.

In Lafayette, household size decreased slightly between 1980 and 1990, remaining essentially stable between 1990 and 2000. Projections indicate that household size likely increased slightly to 2.63 persons per household in 2005. However, over time it is expected that household size will remain stable with younger families adding new members or smaller households ("empty-nesters") being replaced by families with children.

Like the population as a whole, the total number of households in the region and the County are projected to continue increasing. ABAG projects a 5.7% increase in the number of Lafayette households between 2000 and 2015.

Age Statistics

Changes are occurring in the age structure of Lafayette's population that reflect state and national trends. The City's proportion of senior residents (over 65 years old) has increased, from 10% of the population in 1980 to 15% of the population in 2000. Children under 20 years old constituted 25% of the population in 1990 and increased to 27% in 2000.

Table 3 shows the age structure of Lafayette's population in 2000. The median age in Lafayette as of 2000 was 42.3 years of age, substantially higher than the nation as a whole (35.3 years) and higher than the median for Contra Costa County (36.4 years). The relatively small percentage (4.5%) of residents between the ages of 20 and 24 years can be attributed in part to the scarcity of affordable housing in Lafayette, as compared with other communities.

The California Department of Finance (DOF) projections for Contra Costa County indicated that the senior population will grow by 91% between 2000 and 2020, whereas the overall population is expected to increase only 29%. Lafayette will likely mirror this trend, which will have an impact on the provision of health and social services, as well as on the demand for specialized housing for the growing senior population.

TABLE 3
AGE STRUCTURE

Age Group	Number of People	% of Total
UNDER 5 YEARS	1,308	5.5%
5-9 YEARS	1,793	7.5%
10-14 YEARS	2,009	8.4%
15-19 YEARS	1,434	5.9%
20-24 YEARS	689	2.9%
25-34 YEARS	1,920	8.0%
35-44 YEARS	4,038	16.9%
45-54 YEARS	4,504	18.8%
55-59 YEARS	1,600	6.7%
60-64 YEARS	1,166	4.9%
65-74 YEARS	1,738	7.3%
75+ YEARS	1,709	7.2%
TOTAL	**23,908**	**100.0%**

SOURCE: U.S. CENSUS 2000

RACE/ETHNICITY DATA

The non-white population of Lafayette represents a relatively small proportion of the total population, but has grown, however, from 10.7% in 1990 to 13.4% of the total population in 2000, with the largest increase coming from persons of Asian origin (see Table 4).

In the future, it is likely that the majority of non-white population in Lafayette will continue to be of Asian origin, as immigration from Asia to the San Francisco region continues. It should be noted that Lafayette's minority population is significantly lower than the state-wide average, which showed a 40.5% non-white population in 2000.

TABLE 4
POPULATION DISTRIBUTION BY RACE IN LAFAYETTE, 1990 AND 2000

	1990		2000	
Race	Number	Percent	Number	Percent
White	21,092	90.0%	20,123	86.6%
Black/African American	155	0.6%	129	0.6%
Native American*	36	0.1%	39	0.1%
Asian**	1,335	5.6%	1,957	8.4%
Pacific Islander***	28	0.1%	20	0.1%
Other	10	negligible	33	0.1%
Two or more races****	--------	--------	662	(not included)
Hispanic (all races)	845	3.6%	945	4.1%
Total	**23,501**	**100.0%**	**23,908**	**100.0%**

SOURCE: U.S. CENSUS, 1990 AND 2000
* INCLUDES AMERICAN INDIAN, ESKIMO, AND ALEUT
** INCLUDES JAPANESE, CHINESE, FILIPINO, KOREAN, ASIAN-INDIAN, VIETNAMESE, THAI, AND OTHER ASIAN
*** INCLUDES POLYNESIAN, HAWAIIAN, SAMOAN, TONGAN, GUAMANIAN, AND OTHER PACIFIC ISLANDER
**** DATA NOT INCLUDED IN 1990 CENSUS

HOUSEHOLD INCOME

ABAG's 2005 estimated mean household income for Lafayette was $165,900 compared with $98,400 for Contra Costa County (see Table 5). The estimated percentage increase in mean household income projected between 2000 and 2015 is 8.2% for Lafayette and 8.5% for the County. Both the existing and projected income data indicate the differences in income levels between Lafayette and the County will continue, with incomes in Lafayette remaining substantially higher.

TABLE 5
MEAN HOUSEHOLD INCOME: LAFAYETTE AND CONTRA COSTA COUNTY, 2000-2015

	2000	2005	2010	2015
Lafayette	$169,600	$165,900	$173,800	$183,500
Contra Costa County	$100,500	$98,400	$103,400	$109,000

SOURCE: PROJECTIONS 2007 ABAG.

The increasing mean household income observed in the City has important effects on housing demand. The higher income households will be able to afford new housing built in the community. These households will also be able to afford to renovate and repair many of the City's existing older single-family homes. It will continue to be necessary, however, to maintain incentives for the construction of additional housing units affordable to low and moderate income households, given the rapid increase in the cost of housing that has occurred throughout the Bay Area.

EMPLOYMENT PROJECTIONS 2000 TO 2015

ABAG projects that the total number of jobs in Lafayette will increase by 6.9% between the year 2000 and the year 2015 (see Table 6). The largest increase in projected new jobs in the City is anticipated to be in the Heath, Education and Recreation Services sector (14%), while Manufacturing and Wholesale jobs will decline by 11.8%.

TABLE 6
LAFAYETTE EMPLOYMENT PROJECTIONS, 2000 TO 2015

Sector	2000	2005	2010	2015	Change, 2000-2015
Financial and Professional Services	3,130	3,200	3,240	3,310	5.8%
Retail	1,190	1,210	1,200	1,200	0.8%
Manufacturing/Wholesale/Transport	760	720	690	670	-11.8%
Health/Education/Recreation	4,130	4,600	4,690	4,710	14.0%
Other Jobs	1,580	1,660	1,660	1,640	3.8%
Total	**10,790**	**11,390**	**11,480**	**11,530**	**6.9%**

SOURCE: PROJECTIONS 2007, ABAG
NOTE: PROJECTIONS APPLY TO CITY AND ITS SPHERE OF INFLUENCE

A stronger increase in employment is projected by ABAG for Contra Costa County as a whole, which is anticipated to have a 19% increase in employment between 2000 and 2015. Although there may be variations among projected growth in employment between Lafayette and the County, the significance of these projections is that they indicate that an important structural change in the local economy is taking place. Future job creation is becoming increasingly based on

on the growth of the service sectors, rather than on the growth of the manufacturing industry. The projected increase in employment will affect the balance between jobs and housing. At present there are more employed residents in Lafayette than there are jobs (0.84 jobs to every employed resident). This means that some proportion of employed residents commute to work outside the City. Increasing the number of jobs, particularly in the retail and service sectors, will result in an increased demand for affordable housing.

HOUSING CHARACTERISTICS

One measure of housing condition is the age of housing. As summarized in Table 7, the older the unit, the greater it can be assumed to be in need of some level of rehabilitation. A general rule in the housing industry is that structures older than 20 years begin to show signs of deterioration and require renovation to maintain their quality. Unless properly maintained, homes older than 50 years can pose health, safety and welfare problems for occupants. Table 7 estimates the number of units in need of rehabilitation by applying an increasing percentage to the housing stock in each age category. In other words, as the housing stock gets older, the likelihood of rehabilitation need increases, so a greater percentage is applied to the age category. Using this method, it is estimated that there are approximately 838 units in need of some level of rehabilitation in Lafayette, representing about 9% of the housing stock. The range of rehabilitation needs can include anything from minor repairs to major structural replacements. It is estimated that nearly all of the units in need of rehabilitation can be repaired without replacement.

The Census tract data reveals that older housing stock is located east of Pleasant Hill Road, east of Moraga Road and south of Mt. Diablo Blvd., and certain areas north of Deer Hill Road. According to Lafayette's Code Enforcement Officer, the vast majority of housing is in good condition and most of the complaints he processes are related to illegal vehicles, the accumulation of junk and debris and lack of property upkeep and maintenance.

The Contra Costa County Property Conservation Department provides enforcement services for Lafayette related to building and housing code issues. According to their records, the Department issues notices to comply for one complaint related to substandard housing conditions in 2005; one complaint related to substandard housing conditions and two complaints related to building code violations in 2006; three complaints related to substandard housing conditions and one complaint related to building code violations in 2007 and one complaint related to substandard housing conditions in 2008. Despite the age of the houses in these areas (fifty years or older) most of the homes are well maintained. This is due to the high mean household income and high mean home value that allows property owners to afford to renovate or repair their homes. Property owners are also generally responsive when informed of code violations.

Since Lafayette is a predominantly residential community, the existing housing stock defines the character of the City and its neighborhoods. There are several policies in the Housing Chapter, which continue to promote the maintenance, enhancement and protection of residential neighborhoods.

TABLE 7
AGE OF HOUSING STOCK AND ESTIMATED REHABILITATION NEEDS

	Number of Units	Percent of Total	Units Needing Rehab, Percent	Units Needing Rehab, Total	
Built 1999 to March 2000	53	0.6%			
Built 1995 to 1998	120	1.3%			
Built 1990 to 1994	143	1.6%			
Built 1980 to 1989	630	6.8%	1%	6	
Built 1970 to 1979	1,477	16.0%	3%	44	
Built 1960 to 1969	1,968	21.4%	5%	98	
Built 1950 to 1959	3,212	34.9%	10%	321	
Built 1940 to 1949	1,154	12.5%	20%	231	
Built 1939 or earlier	456	4.9%	30%	137	
	9,213	**100.0%**		**838**	**Total Units Needing Rehab**
				9.1%	Percentage of Total Units
			99.5%	834	Units that can be repaired
			0.5%	4	Units that must be replaced

SOURCE: 2000 CENSUS

ANNUAL CONSTRUCTION OF HOUSING UNITS BY TYPE 1980 – 2008

Fluctuations in the type of housing built reflect not only the relative amount of land zoned for different types of residential development in the City, but also changes in various economic factors such as tax codes and the real estate and financial markets. Table 8 indicates single- and multi-family home construction in Lafayette during the period 1980-2008.

TABLE 8
ANNUAL CONSTRUCTION OF HOUSING UNITS BY TYPE IN LAFAYETTE, 1980 TO 2008

Year	Single Family Units	Multiple Family Units	Demo-litions	Net Housing Unit Increase	Year	Single Family Units	Multiple Family Units	Demo-litions	Net Housing Unit Increase
1980	35	0	0	35	**1994**	16	5	0	21
1981	40	4	1	43	**1995**	21	6	0	27
1982	21	3	0	24	**1996**	21	0	0	21
1983	31	0	0	31	**1997**	35	0	0	35
1984	33	32	1	64	**1999**	29	0	0	20
1985	31	0	0	31	**2000**	29	75	0	104
1986	57	16	6	67	**2001**	19	0	18	1
1987	54	0	8	46	**2002**	21	11	19	13
1988	61	8	7	62	**2003**	20	0	12	8
1989	40	0	6	34	**2004**	8	9	6	11
1990	23	13	9	27	**2005**	23	0	3	20
1991	25	0	14	11	**2006**	18	0	11	7
1992	17	0	7	10	**2007**	23	0	5	18
1993	13	0	0	13	**2008**	16	0	10	6
					Total	**824**	**182**	**143**	**863**

SOURCE: CITY OF LAFAYETTE PLANNING DIVISION 2008

As shown in the table above, the majority of new housing construction during the period 1980-2008 was single-family units. The rate of construction has declined since the 1980s, in large part due to the lack of larger tracts of land available for subdivision.

HOUSING TYPES AND TENURE

Tables 9 and 10 present information on housing types and tenure in Lafayette. Lafayette remains a predominantly single-family residential community, with a high rate of owner-occupied dwellings. According to the State Department of Finance (DOF) and U.S. Census data for 2007, it is estimated that 82.5% of the city's total housing units are single-family and 76.7% are owner-occupied.

TABLE 9
NUMBER OF HOUSING UNITS BY TYPE

	1990		2000		2007 (est.)	
Type of Housing	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Single-Family	7,687	83.2%	7,886	83.2%	7,821	82.5%
Multi-Family	1,544	16.7%	1,586	16.7%	1,657	17.5%
Mobile Home or Trailer	7	0.1%	5	0.1%	0	0.0%
Total Housing Units	**9,238**	**100.0%**	**9,477**	**100.0%**	**9,478**	**100.0%**

SOURCE: 1990 CENSUS, AND DOF 2000 AND 2007

TABLE 10
HOUSING TENURE

	1990		2000	
Tenure	**Number**	**Percent**	**Number**	**Percent**
Owner-Occupied	6,854	76.4%	7,024	76.7%
Renter-Occupied	2,122	23.6%	2,128	23.3%
Total Occupied	**8,976**	**100.0%**	**9,152**	**100.0%**

SOURCE: U.S. CENSUS 1990 AND 2000

Data from the 2000 Census indicates that the vacancy rate has gone down in since 1990. In 2000, the homeowner vacancy rate was 0.4% and the rental vacancy rate was 1.9%. According to the DOF, it is estimated that the overall vacancy rate is still quite low, at 1.9% in 2007 as well. An overall vacancy rate of 4% is generally acceptable to provide for normal turnover in housing units. Lafayette's vacancy rate indicates a strong demand for all types of housing, particularly owner-occupied units.

INCOME CATEGORIES

Every year, the US Department of Housing and Urban Development, in conjunction with the State of California, establish income categories based on the median income in each county. Based on new requirements for the completion of the Housing Element, jurisdictions must now report on the following categories of income:

Extremely Low Income: 0-30% of Median Family Income, or MFI
Very Low Income: 30-50% MFI
Low Income: 50-80% MFI
Moderate Income: 80-120% MFI
Above Moderate Income: 120%+ MFI

Based on data from February 2008, the following table illustrates the income categories for Contra Costa County. The median income for a family of four is $86,100.

TABLE 11
INCOME LIMITS, 2008

Income Category	Number of Persons in Household							
	1	2	3	4	5	6	7	8
Extremely Low Income (0-30% MFI)	$18,100	$20,700	$23,250	$25,850	$27,900	$30,000	$32,050	$34,100
Very Low Income (30-50% MFI)	$30,150	$34,450	$38,750	$43,050	$46,500	$49,950	$53,400	$56,850
Low Income (50-80% MFI)	$46,350	$53,000	$59,600	$66,250	$71,550	$76,850	$82,150	$87,450
Median Income (100% MFI)	$60,300	$58,900	$77,500	**$86,100**	$93,000	$99,900	$106,800	$113,700
Moderate Income (80-120% MFI)	$72,300	$82,600	$93,000	$103,300	$111,600	$119,800	$128,100	$136,400

SOURCE: STATE OF CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, INCOME LIMITS 2008

Although not all data is available according to these classifications (especially extremely low-income), this Housing Element will provide as much information as possible on these various groups. The following table presents the distribution of households by these income categories in Lafayette for both 1990 and 2000.

TABLE 12
DISTRIBUTION OF LAFAYETTE HOUSEHOLDS BY INCOME CATEGORY

INCOME CATEGORY	1990		2000	
	NUMBER OF HHs	%	NUMBER OF HHs	%
Extremely Low Income HHs (0-30% MFI)	n/a		424	4.7%
Very Low Income HHs (30-50% MFI)	n/a		309	3.4%
Very Low TOTAL (0-50% MFI)	*1,174*	*13.0%*	*733*	*8.2%*
Low Income HHs (50-80% MFI)	813	9.0%	651	7.3%
Median/Moderate Income HHs and Above (>80% MFI)	7,046	78.0%	7,592	84.6%
TOTAL	**9,033**		**8,976**	

SOURCE: CHAS SPECIAL TABULATIONS OF CENSUS DATA, 1990 AND 2000; HUD DATA DO NOT DISAGGREGATE MODERATE-INCOME HOUSEHOLDS AND ABOVE-MODERATE INCOME.

As shown above, the number of households earning very low- and low-incomes has declined since 1990, while the number of moderate income and above-moderate income households has increased. In addition, lower-income households represent a lower percentage of the total number of households in 2000 than in 1990. Although data was not available in 1990 to determine the specific number of households at the very lowest incomes (less than 30% of median family income) in 2000 these extremely low income households represented more than half the households in the poorest category. Of the 424 households in the extremely low-income category, 58.5% or 248 are renter households, with 176 owner households in this category.

SPECIAL HOUSING NEEDS

Special Housing Needs: Seniors

A relatively large proportion (23%) of Lafayette's housing units are occupied by persons 65 years of age or older. Table 13 below shows senior citizen occupancy of owner- and renter-occupied housing units.

TABLE 13
HOUSING UNIT TENURE BY AGE OF HOUSEHOLDER

	Owner-Occupied		Renter-Occupied		Total Occupied	
Age of Householder	Units	%	Units	%	Units	%
Under 65	5,132	73.0	1,935	91.0	7,067	77.2
65 or older	1,892	27.0	193	9.0	2,085	22.8
Tota	**7,024**	**100.00**	**2,128**	**1.00**	**9,152**	**100.0**

SOURCE: U.S. CENSUS 2000

There are 66 housing units set-aside exclusively for senior citizens in Lafayette. Based on the total number of units occupied by seniors (2,085 units), the dedicated units represent only a fraction of the demand senior citizens have for housing. This demand is primarily met by single-family homes purchased many years ago.

The City of Lafayette has been working with Eden Housing, a nonprofit developer, to create a new independent living facility for extremely low-income and very low-income seniors. In addition to financial assistance to the proposed 46-unit development, the City has provided several land-use benefits to the project, such as a density bonus, an increase to the maximum allowable height and a reduction in the parking requirements. This project will provide an exceptionally-designed building on Mt. Diablo Boulevard in the Downtown area that includes a wide variety of amenities for the City's senior population.

The State Department of Finance projects nearly a doubling in the number of seniors over age 65 in Contra Costa County between 2000 and 2020. Of the increase, 71% (almost 39,000 people) will be between the ages of 65 and 75 years. Lafayette is expected to experience a similar increase; many of the City's seniors will continue to live in their homes of long-standing. However, others will be prepared to give up the maintenance and expense of their homes while wishing to remain citizens of the community. Lastly, middle-aged Lafayette households will face the need to care for older parents and some will want them to live nearby. To address these conditions, this Chapter provides opportunities for additional housing for seniors of all income categories. Three principal factors will affect the future number of senior housing and care facilities that can be built:

a) Senior housing typically is denser than general multifamily housing, since seniors tend to live alone in smaller units and because they frequently do not have the space requirements that younger families might have. In addition, senior housing often has substantially less parking demand than other kinds of housing. Current high-density zoning districts in the City may not

not provide high enough densities for additional senior housing. In addition, City parking requirements may be too strict to allow the kind of flexibility needed for a senior project.[1]

b) There has been decreasing Federal and State funding to provide additional housing for seniors. In addition, the federal tax reform enacted in 1986 provides for the establishment of State caps for private activity bonds which will result in major reductions in the volume of tax-exempt bonds issued to finance single and multi-family housing in California.

c) There are vacant bedrooms in the City. It is difficult to quantify accurately the number of such under-utilized housing units in the City. The diminishing household size since the 1960s combined with the large number of existing single-family homes indicates that there could be a significant source of additional housing for seniors dispersed throughout existing neighborhoods. An acceptable housing program for seniors could be implemented to utilize this extra housing capacity.

Programs to assist seniors who wish to continue living in their own homes not only provide important psychological and social benefits, but also reduce the need to build additional housing. Examples of such programs include low interest loans to qualifying seniors for maintenance and repair of their homes and matching seniors with spare capacity in their homes with other seniors looking for housing.

Special Housing Needs: Disabled Persons

The number of disabled persons in a city has important planning and social implications and will affect the demand for specialized handicapped access and transportation facilities, and certain social services, in addition to specialized housing.

The U.S. Census collects information on disabled people based on work disabilities and public transportation disabilities. According to the 2000 Census, 2,167 persons in Lafayette, or 9.8% of the City's population, had some kind of disability. The following table breaks down this information by age.

TABLE 14
HOUSING UNIT TENURE BY AGE OF HOUSEHOLDER

Age Category	Number	Percent of Disabled Population	Percent of Tota Population in Age Category
Age 5-20 years	205	9.5%	4.0%
Age 21-64	1,147	52.9%	8.3%
Number employed	*774*		
Number unemployed	*373*		
Age 65+	815	25.4%	25.4%
TOTA	**2,167**		**9.8%**

SOURCE: U.S. CENSUS 2000

[1]It should be noted that the City is proposing to study the feasibility of enacting a zoning classification that would allow higher density senior housing. See the Goals, Policies and Programs.

The data show that the largest number of disabled persons is in the 21-64 age category, and a significant number of them are unemployed. Other information available through special tabulations of Census data indicate that there are a total of 753 households where there is at least one person who has a mobility or self-care limitation, defined as 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home. As can be expected, a large percentage of these households include seniors (62-74 years of age) or the "extra elderly" (75+ years of age).

TABLE 15
HOUSEHOLDS WITH MOBILITY OR SELF-CARE LIMITATION

	Renters				Owners				
Household by Type, Income	**Extra Elderly 1 & 2 Member HHs**	**Elderly 1 & 2 Member HHs**	**All Other HHs**	**Total Renters**	**Extra Elderly 1 & 2 Member HHs**	**Elderly 1 & 2 Member HHs**	**All Other HHs**	**Total Owners**	**Total HHs**
Extremely Low Income	20	8	0	28	19	15	8	42	70
Very Low Income	10	0	4	14	10	0	4	14	28
Low Income	15	10	14	39	44	4	14	62	101
Median/Mod Income+	0	4	69	73	109	98	274	481	554
Total Households	**45**	**22**	**87**	**154**	**182**	**117**	**300**	**599**	**753**

SOURCE: U.S. CENSUS 2000, SPECIAL TABULATIONS (CHAS DATABOOK)

HUD has provided additional information on mobility-impaired households by quantifying the number of households with housing problems, defined as overpayment on housing cost, overcrowding, or other housing difficulties.

TABLE 16
HOUSEHOLDS WITH MOBILITY OR SELF-CARE LIMITATION AND HOUSING PROBLEMS

	Renters				Owners				
Household by Type, Income	**Extra Elderly 1 & 2 Member HHs**	**Elderly 1 & 2 Member HHs**	**All Other HHs**	**Total Renters**	**Extra Elderly 1 & 2 Member HHs**	**Elderly 1 & 2 Member HHs**	**All Other HHs**	**Total Owners**	**Total HHs**
Extremely Low Income	20	4	0	24	4	15	4	23	47
Very Low Income	0	0	4	4	0	0	0	0	4
Low Income	15	0	4	19	4	4	10	18	37
Median/Mod Income+	0	4	19	23	4	34	44	82	105
Total Households	**35**	**8**	**27**	**70**	**12**	**53**	**58**	**123**	**193**

SOURCE: U.S. CENSUS 2000, SPECIAL TABULATIONS (CHAS DATABOOK)

Based on this information, more than 25% of the total number of households with a mobility or self-care limitation have housing problems. Although the majority of these households are owners in the median to moderate income and above categories, there are also significant numbers of households in need at the lower incomes in both owner and renter categories.

The affordability of housing for disabled people is an important concern in Contra Costa County, and within the City of Lafayette. Considering that the current (January 2008) monthly Supplemental Security Income (SSI) benefit, which provides monthly disability income for those who meet Social Security rules for disability and who have limited income and resources, is just $870 per month for an individual, the ability for a disabled person on SSI to find affordable housing is extremely difficult, if not impossible. At this amount, the maximum rent a disabled person on SSI could pay is just $261 per month (30% of the monthly income, according to HUD rules).

Special Housing Needs: Single-Parent Households

According to the 2000 Census, Lafayette has a total of 819 family households with one head-of-household and one or more persons less than 18 years of age (see Table 16). Of the 819 family households, 598 (or 73%) are headed by a female with no husband present, and 221 (or 27%) are headed by a male with no wife present. The 819 single-parent households represent 12% of the 6,755 family households in Lafayette.

TABLE 17
SINGLE-PARENT HOUSEHOLDS IN LAFAYETTE

	Owner-Occupied		Renter-Occupied		Total Households	
	Households	Percent	Households	Percent	Households	Percent
Male-Headed Households	137	27%	84	27%	221	27%
with children					*124*	
without children					*97*	
Female-Headed Households	372	73%	226	73%	598	73%
with children					*384*	
without children					*214*	
TOTAL	**509**	**100%**	**310**	**100%**	**819**	**100%**

SOURCE: U.S. CENSUS 2000

Although data is not available by tenure, 76% of the total single-parent families with children are headed by women. Accordingly, female-headed households are likely to have greater demand than two-parent households – or male-headed households -- for childcare and other social services. There is an obvious need for more affordable housing for this sector of the community. The waiting list for Section 8 housing at the Contra Costa County Housing Authority (CCCHA) is over 4,000 persons, more than 40% of whom represent female-headed households.

Special Housing Needs: Large Households

HUD defines a large family as one with five or more members. The 2000 special tabulations of Census data reported 703 households in Lafayette with five persons or more, or about 8% of the total households in the City. Ninety-two percent of the large households live in owner-occupied dwelling units (see Table 18).

TABLE 18
LARGE HOUSEHOLDS

Large Households-Owner Occupied		Large Households- Renter Occupied		Total Large Households	
Households	Percent	Households	Percent	Households	Percent
650	92%	53	8%	703	100%

SOURCE: U.S. CENSUS 2000 CHAS DATABOOK

The Census defines an overcrowded unit as one occupied by 1.01 persons or more per room (excluding bathrooms and kitchens). Units with more than 1.5 persons per room are considered severely overcrowded. Overcrowding increases health and safety concerns and stresses the condition of the housing stock and infrastructure. Overcrowding is strongly related to household size, particularly for large households and especially very large households and the availability of suitably sized housing. Overcrowding impacts both owners and renters; however, renters are generally more significantly impacted. In 2000, renter households were three times more likely than owners to be overcrowded, regardless of household size.

While family size and tenure are critical determinants in overcrowding, household income also plays a strong role in the incidence of overcrowding. As a general rule, overcrowding levels tend to decrease as income rises, especially for renters. The rate of overcrowding for very low-income households is generally nearly three times greater than households over 95% of the area median income. As with renters, owner households with higher incomes have lower rates of overcrowding.

Between 1980 and 1990, the percentage of overcrowded households in California nearly doubled from 6.9% to 12.3%. Census 2000 reports more than 15% of California households were overcrowded with overcrowding most common among low-income households, and most prevalent in renter housing. Roughly 24% of renter households statewide were overcrowded; in some counties, nearly a third of renter households were overcrowded. One quarter of all overcrowded renter households contained more than one family. Of all owner and renter overcrowded households, estimates are that more than half are severely overcrowded (more than 1.5 persons per room).

Households in Lafayette tend to be somewhat larger than in the San Francisco Bay Area as a whole. While some large families may be subject to overcrowding, there is generally little overcrowding in Lafayette. According to the 2000 Census, 128 housing units, or 1.4% of the city's total units, contain more than 1.00 persons per room (see Table 19). This is an increase of almost 35% from 1990, when there were 95 overcrowded units. The majority of the overcrowded units are renter-occupied (71.1%), rather than owner-occupied.

TABLE 19
OVERCROWDED HOUSING UNITS

	Owner-Occupied	% of Total	Renter-Occupied	% of Total
Not Overcrowded (<1.0 persons per room)	6,809	99.5%	2,093	95.8%
Overcrowded (1.01>1.5 persons per room)	28	0.4%	62	2.8%
Severely Overcrowded (>1.5 persons per room)	9	0.1%	29	1.3%
TOTAL	**6,846**		**2,184**	

Though 1.00 persons per room is a general measure of overcrowding, the actual level of perceived overcrowding will vary according to household size and structure. Houses with fewer rooms and non-related adult residents may seem more overcrowded, based on the 1.00-person-per-room standard, than larger, family households. According to the 2000 Census, most housing units (90%) in Lafayette have four or more rooms. Consequently, the 1.00-person-per-room overcrowding standard may represent relatively less perceived overcrowding in Lafayette than in other Bay Area communities.

In addition to overcrowding, large households also often pay too much for their housing compared with other kinds of households. Households that spend more than 30% of their income on housing costs are considered to have a cost burden, whereas households that spend more than 50% of their income are considered to have a severe cost burden. The following table shows that in Lafayette, the vast majority of large households that pay too much for housing are lower-income owner households. Although this is principally because there are very few large renter households, there are disproportionately fewer large renter households than large owner households. While large renter households make up 2.4% of the total renter households, large owner households make up 7.2% of the total owner households.

TABLE 20
HOUSEHOLD TYPE BY HOUSING PROBLEMS, 2000

Household by Type, Income, & Housing Problem	Large Renter Households	Large Owner Households
Extremely Low Income	**0**	**30**
Percentage w/Cost Burden >30%	-	*100%*
Percentage w/Cost Burden >50%	-	*100%*
Very Low Income Households	**0**	**15**
Percentage w/Cost Burden >30%	-	*100%*
Percentage w/Cost Burden >50%	-	*100%*
Low Income Households	**8**	**8**
Percentage w/Cost Burden >30%	*50%*	*50%*
Percentage w/Cost Burden >50%	*0%*	*50%*
Median/Moderate Income and Above	**45**	**597**
Percentage w/Cost Burden >30%	*22%*	*26%*
Percentage w/Cost Burden >50%	*0%*	*7%*
Total Households	**53**	**650**
Percentage w/Cost Burden >30%	*26%*	*31%*
Percentage w/Cost Burden >50%	*0%*	*14%*

SOURCE: 2000 CENSUS, CHAS DATABOOK

Special Needs: Homeless

A homeless count conducted on January 26, 2005 found over 7,000 homeless persons in Contra Costa County, 1,463 of which were living outdoors and the rest in shelters, transitional housing, soup kitchens and other programs serving the homeless. Of the people found in programs, 1,800 were members of homeless families, 5,200 were single adults, and 162 were youth under age 21.

According to the County Consortium's 2004 Continuum of Care application for McKinney- Vento Act funds, approximately 12.4% of all homeless individuals were sheltered, while approximately 13.6% of all persons in homeless families with children were sheltered. The application indicated that the largest unmet need for homeless individuals and families was for permanent supportive housing. The Continuum of Care application also indicated the following number of homeless subpopulations:

- Chronically Homeless - 2,016, of which 266 were sheltered
- Severely Mentally Ill - 773
- Chronic Substance Abuse - 924
- Veterans - 153
- Persons with HIV/AIDS - 234
- Victims of Domestic Violence - 366
- Youth (under 18 years of age) – 276

Some of the homeless population are people suffering from mental illness and other chronic disabilities who have become an ongoing presence in our city centers, parks and open spaces. Others are not so visible, but still in need of assistance — disadvantaged youth discharged from the foster care system with nowhere to go; single mothers with children, recently divorced or fleeing a situation of domestic violence; and low income single adults and families without savings to help them weather an unexpected job loss, illness or eviction. In addition, an estimated 17,000 households in Contra Costa County have extremely low incomes and are at-risk of homelessness, paying an excessive portion of their income for rent. An unexpected job loss, illness or eviction can put them in the streets since their high rents preclude them from accumulating a savings cushion to protect themselves.

Accurate information on the number of homeless persons in Lafayette is difficult to obtain as people often move from place to place every night. Lafayette Police Department personnel indicate that they occasionally encounter transients but they tend to be persons who have arrived in Lafayette via public transportation and are not from Lafayette.

Project HOPE is a homeless outreach project to the encampment and serves people experiencing homelessness and co-occurring disorders (including mental health, substance abuse, and medical problems) throughout Contra Costa County. During the period January 2008 to July 2008, there was only one person who was contacted by Project HOPE and who received services per month in the City of Lafayette.

The Contra Costa Inter-jurisdictional Council on Homelessness (CCICH) is charged with providing a forum for communication about the implementation of Contra Costa County's Ten Year Plan to End Homelessness and providing advice and input on the operations of homeless services, program operations, and program development efforts in Contra Costa County. The CCICH Executive Committee is an Advisory Board to the Contra Costa Board of Supervisors in issues relating to homelessness.

CCICH has provided information for each jurisdiction in the County for use in their Housing Elements relating to the analysis of the need for emergency shelter and estimate of the daily

average number of persons lacking permanent shelter. This information includes:

- Homeless population estimates
- Unmet need
- Data methodology
- Inventory of existing shelters, transitional housing and permanent supportive housing

After considering the strengths and shortcomings of each source of data, the subcommittee addressing these issues determined that the 2007 Homeless Count results and outreach data are the most accurate and useful sources of information. Additionally, as required by the federal government in order to receive a variety of homeless funds, this Homeless Count is conducted biannually. According to the 2007 Homeless Count, there were five homeless persons identified within Lafayette who were unsheltered. The only additional information known about these individuals is as follows:

TABLE 21
HOMELESS CENSUS DATA, LAFAYETTE, 2007

MEN	WOMEN	GENDER UNKNOWN	CHILD (UNDER 16)	YOUTH (16-24)	TOTAL
3	1			1	**5**

SOURCE: CONTRA COSTA COUNTY INTERAGENCY COUNCIL ON HOMELESSNESS, 2007

While this point-in-time data is useful, it does not give much information about the circumstances in which these individuals found themselves to be homeless. The Ten-Year County Plan describes three different kinds of homeless people, each with their own set of needs. Although this information addresses Countywide homeless concerns, it is relevant for Lafayette in terms of what kind of programs and housing may be provided with in the City.

Chronically Homeless: This category is estimated to include 2,000 people, about 40% of the population that is homeless on any given night and slightly more than 10% of those who experience homelessness over the course of a year. They are severely disabled with a mental health condition, physical illness or substance abuse problem, and they have been homeless for a year or longer or have had at least four episodes of homelessness in the last three years. They are the most visible segment of the homeless population and the focus of community frustration due to their ongoing habitation of public places and their non-conforming behavior. Though a small percentage of the overall yearly homeless population, chronically homeless people use the majority of resources within the homeless service system and are costly to mainstream systems because of frequent interactions with hospitals, mental health crisis services, detox programs, and the criminal justice system. Because the services they receive tend to be fragmented and accessed only in crisis, their high service usage does not translate into long term gains in stability, but often reinforces their alienation and distrust of the service system.

Discharged Into Homelessness: These are people who are released from public institutions directly to the streets or shelters. These institutions include the foster care system, jails and prisons, mental health programs, drug and alcohol programs, and hospitals. Too often these systems do not engage in pre-release permanent housing planning to ensure that those discharged have stable

have stable housing and are linked to necessary services to ensure their ongoing stability and facilitate their transition back into the community. Individuals who have serious disabilities and who are discharged without receiving appropriate assistance often become part of the costly chronic homeless population.

Transitionally Homeless: Almost 90% of those who experience homelessness each year are experiencing a first or second episode of homelessness which typically lasts less than one year. An estimated two-thirds of this sub-population lives in family households. Typically, a job loss, illness or eviction causes them to lose their housing. Unable to find other housing that is affordable and/or resolve their lack of income, they become homeless.

Special Housing Needs: Farmworkers

There are no farmworkers in Lafayette, and the city is located in a largely urbanized area of Contra Costa County. Consequently, farm worker housing needs are not expected to be an issue in Lafayette.

HOUSING COSTS AND AFFORDABILITY

The National Association of Homebuilders reports that California cities have the lowest homeowner affordability rates in the country, defined as the percentage of homes affordable to the median income family. Despite the high median incomes, especially in the Bay Area, few can afford the cost to purchase a home. The Oakland Metropolitan Division, of which Lafayette is a part, ranked 155th out of 221 metropolitan areas studied in the third quarter of 2008, (San Luis Obispo is the least affordable area in the state). This is a significant improvement from 2007: in that year, only 17.4% of homes were affordable to families earning the median income. In late 2008, that figure improved to 49.5%; however, much of this improvement can likely be attributed to foreclosure sales in areas well outside of Lafayette, including parts of Oakland and East Contra Costa County.

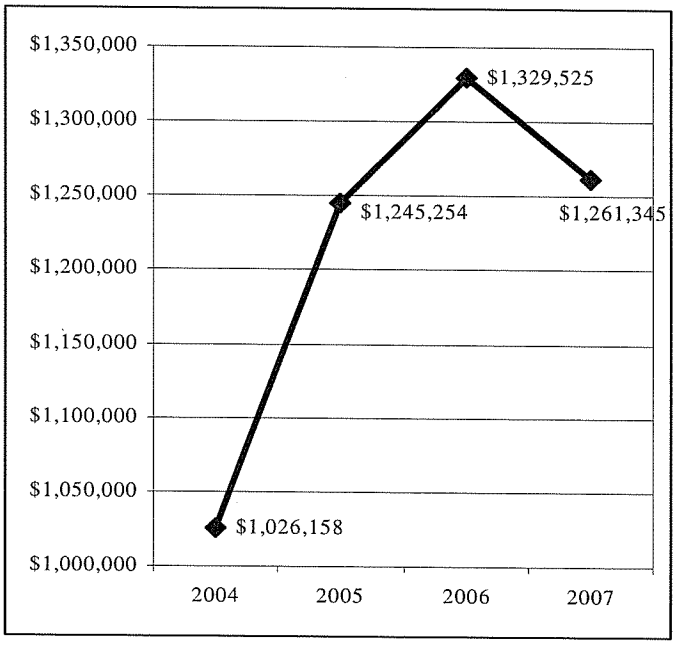
TABLE 22
HOUSING AFFORDABILITY INDEX, SELECTED CALIFORNIA MSAS, THIRD QUARTER 2008

Metro Area	Share of Homes Affordable for Median Income	2008 Median Family Income	Median Sales Price	Affordability Rank National
Sacramento--Arden-Arcade--Roseville, CA	59.9%	$71,000	$220,000	120
Modesto, CA	59.7%	$56,500	$176,000	121
Stockton, CA	58.1%	$61,300	$194,000	127
Vallejo-Fairfield, CA	54.8%	$74,300	$252,000	139
Bakersfield, CA	52.1%	$50,000	$162,000	149
Oakland-Fremont-Hayward, CA ^^^	**49.5%**	**$86,100**	**$316,000**	**155**
Riverside-San Bernardino-Ontario, CA	48.4%	$62,000	$220,000	159
Fresno, CA	44.1%	$49,900	$186,000	175
Redding, CA	40.4%	$53,300	$209,000	189
Santa Barbara-Santa Maria-Goleta, CA	38.8%	$65,200	$285,000	191
San Diego-Carlsbad-San Marcos, CA	38.7%	$72,100	$308,000	192
Santa Rosa-Petaluma, CA	37.8%	$77,800	$325,000	196
Oxnard-Thousand Oaks-Ventura, CA	34.5%	$83,900	$365,000	203
San Jose-Sunnyvale-Santa Clara, CA	33.0%	$97,800	$459,000	206
Santa Ana-Anaheim-Irvine, CA ^^^	28.5%	$84,100	$400,000	212
Napa, CA	23.2%	$79,600	$415,000	214
Santa Cruz-Watsonville, CA	22.8%	$79,900	$425,000	216
Los Angeles-Long Beach-Glendale, CA ^^^	20.7%	$59,800	$340,000	218
San Francisco-San Mateo-Redwood City, CA ^^^	16.6%	$94,300	$615,000	220
San Luis Obispo-Paso Robles, CA	13.4%	$67,000	$400,000	221

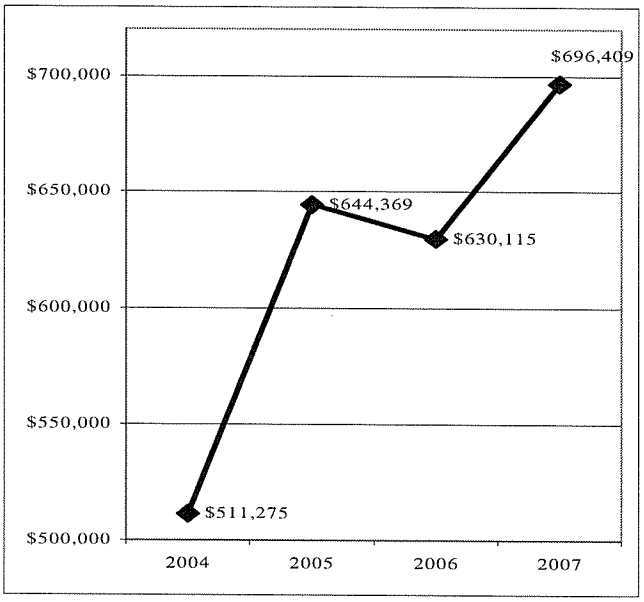
^^^ Indicate Metropolitan Divisions. All others are Metropolitan Statistical Areas.
SOURCE: National Association of Homebuilders, 2008

As shown earlier, overpayment for housing is a considerable problem for various special needs groups, but it also impacts the general population as well. According to HUD special tabulations of Census data, 704 renter households, regardless of income category, pay more than 30% on housing costs (this translates to 32.4% of all renter households). Similarly, 23.8% of all owner households (1,619) pay too much for housing. At the lower income levels, the problem affects an even greater percentage of households: 515 renter households and 319 owner households in the lower-income categories pay too much for housing, representing 73.5% and 46.6% of lower income renter and owner households, respectively.

In Lafayette, sales prices for both single family detached and condominiums/ townhouses have increased rapidly over the past several years, but are beginning to moderate with the economic downturn facing the Bay Area and the nation as a whole in 2008. The chart to the right shows that the median sales price for single-family homes rose by almost 30% between 2004 and 2006, but dropped by about 5% into 2007.



SOURCE: CONTRA COSTA ASSOCIATION OF REALTORS, 2008



The situation for condos and townhouses shown in the additional chart. Although the median sales price for condos dropped by 2.2% between 2005 and 2006, they have begun to increase again, rising more than 23% between 2006 and 2007.

SOURCE: CONTRA COSTA ASSOCIATION OF REALTORS, 2008

The high cost of housing means that people wanting to own a home in Lafayette must have significant incomes, even for the relatively less expensive condos. The following table shows how much a household must earn annually in order to be able to afford the median priced home in Lafayette in 2008.

TABLE 23
OWNERSHIP AFFORDABILITY, 2008

	Median Sales	Estimated Annual Expenses	Income Needed to Afford
Single-Family	$1,261,345	$106,650	$266,640
Condo	$696,409	$58,900	$147,200

SOURCE: CONTRA COSTA ASSOCIATION OF REALTORS, 2008[2]

The decreasing supply of affordable rental units is a countywide phenomenon. Until additional construction of rental units occurs, the combination of strong demand and low vacancies will contribute to an increasingly severe shortage of rental units and a decrease in their affordability.

The following table illustrates the affordable rents associated with each income category. In the case of an extremely low-income household of two people (for example, a single parent with a child), the annual income of $20,700 translates to a full time job paying $10.15 per hour. In this scenario, the maximum rent they could afford would be about $518 per month – far below average rents in the area, even for studios.

TABLE 24
RENTAL AFFORDABILITY, 2008

Income Category	Percent of Median	Income Limit (Two-Person Household)	Affordable Rent
Extremely Low-Income	30%	$20,700	$518
Very Low-Income	50%	$34,450	$861
Low-Income	80%	$53,000	$1,325
Median-Income	100%	$58,900	$1,473
Moderate-Income and Above	120%	$82,600	$2,065

SOURCE: LAFAYETTE DEPARTMENT OF PLANNING AND BUILDING, 2008

Through its Section 8 and other housing programs, HUD provides rental housing assistance to low-income households. According to the Contra Costa County Housing Authority, 46 households in Lafayette currently receive Section 8 rental assistance, in the form of Housing Choice Vouchers. Of these, 35 include one or more persons with a disability. The *Inventory of Federally Subsidized Low-Income Rental Units at Risk of Conversion* does not indicate that there are any federally assisted units at risk in Lafayette. Policies and programs of this updated Housing Chapter call upon the City to provide for additional Section 8 assistance, to investigate other forms of State and Federal affordable housing assistance, and to establish a Housing Fund as a means of implementing the City's housing policies.

[2] Estimated annual expenses based on 1.1% of sales price; monthly mortgage costs at 6% interest over 30 years; affordable housing costs calculated at 40% of annual income.

REGIONAL HOUSING NEEDS ALLOCATION

The Regional Housing Needs Allocation process is a State mandate, devised to address the need for and planning of housing across a range of affordability and in all communities throughout the State. Each jurisdiction in the Bay Area is given a share of the anticipated regional housing need. The Bay Area's regional housing need is allocated by the California State Department of Housing and Community Development (HCD), and finalized though negotiations with ABAG.

According to ABAG, the regional housing need is determined by estimating both the existing need and the projected need for housing. Existing need is the amount of housing needed to address existing overcrowding or low vacancy rates. Projected need relates to providing housing for the growing population. Using slightly different methods, both the State, through the State Department of Finance (DOF), and the region, via ABAG, estimate projected household growth. Since these numbers may differ, the State and the region work closely together to arrive at an agreed upon estimate of future population growth; therefore, housing need through 2014.

The region's total housing need is allocated to Bay Area jurisdictions through an allocation method. The method contains two distinct components, mathematical equations and rules. There are two mathematical equations in the allocation method. The first equation is used to allocate total units among jurisdictions. This equation consists of factors, each weighted to indicate relative importance. The second equation is used to divide each jurisdiction's total need, based on the first formula, into the four income categories, as defined by state law. The allocation method also contains a set of rules. These rules address how to allocate units by income, how to handle units in spheres of influence and voluntary transfers of units between jurisdictions and subregions.

RHNA law delineates the specific factors that must be considered for inclusion in the mathematical equation component of the housing needs allocation method. These factors are:

1. Water and sewer capacity
2. Land suitable for urban development or conversion to residential use
3. Protected open space - lands protected by state and federal government
4. County policies to protect prime agricultural land
5. Distribution of household growth
6. Market demand for housing
7. City-centered growth policies
8. Loss of affordable units contained in assisted Housing
9. High housing cost burdens
10. Housing needs of farm workers
11. Impact of universities and colleges on housing needs in a community.

In devising the formula for allocating units to jurisdictions, staff and members of the Housing Methodology Committee (HMC) had to consider how each of these statutory factors could be incorporated into the mathematical equation component of the allocation method. For the Bay Area's allocation formula, the selected factors and their respective weights are:

- Household growth (45%)
- Existing employment (22.5%)

- Employment growth (22.5%)
- Household growth near existing transit (5%)
- Employment growth near existing transit (5%)

Household growth, existing employment and employment growth are each forecasted in the region's job, household and employment forecast, *Projections 2007*. By applying these factors and weights in the allocation formula, housing would be allocated to jurisdictions in a manner consistent with state RHNA objectives, statutory requirements, local land use and regional policies. Jurisdictions would then be required to plan for their allocated number of housing units within the housing elements of their general plans. The following table illustrates the housing allocation figures for the City of Lafayette for the period 2007 – 2014.

TABLE 25
ABAG REGIONAL HOUSING NEED ALLOCATION, 2007 – 2014

Total Projected Need	Very Low	Low	Mod	Above Mod	Average Yearly Need
361	113	77	80	91	52
	31%	21%	22%	25%	

In addition, State Housing Element Law requires that jurisdictions provide for the needs of residents considered to be extremely low-income, defined as households earning less than 30% of median income. According, the need allocation is further disaggregated as follows:

TABLE 26
ABAG REGIONAL HOUSING NEED ALLOCATION, WITH EXTREMELY LOW-INCOME DISAGGREGATED, 2007 – 2014

Total Projected Need	Extremely Low	Very Low	Low	Mod	Above Mod	Average Yearly Need
361	57	56	77	80	91	52
	16%	16%	21%	22%	25%	

HCD requires that the City project new construction needs over the next five years. Based on ABAG's seven-year housing needs determination, Lafayette's housing needs are approximately 52 units per year. This annual figure multiplied by five results in an estimated need for 258 units over the next five years (July 1, 2007 through June 30, 2012).

TABLE 27
FIVE-YEAR HOUSING NEEDS, 2007-2012

Income Category	Five-Year New Construction Need
Extremely Low-Income	41
Very Low-income	40
Other Lower-income	55
Moderate-income	57
Above moderate-income	65
Total Units	**258**

SHELTER NEEDS

There are no emergency shelters or transitional housing facilities located in Lafayette; however, there are several programs and agencies serving Lafayette and central Contra Costa County for those in need. One of the major agencies is the Contra Costa Crisis Center-Homeless Services. This agency conducts the intake and assessment of people to the county's shelters. They also provide other services such as food, job training and laundry facilities as well as providing emergency lodging vouchers to at risk individuals and families. Shelter, Inc. is a non-profit organization providing short-term transitional housing programs to homeless individuals and families and information on emergency shelters, government assistance, emergency food services, medical care, and rental assistance programs. The table in the following page illustrates the facilities available throughout the County for persons who are homeless.

TABLE 28
CONTRA COSTA HOMELESS FACILITY INVENTORY

FACILITY NAME	REGION	TARGET POPULATION	TOTAL YEAR-ROUND BEDS
Interim Housing (Emergency Shelters)			
Bay Area Crisis Nursery	Richmond	Single men & women	20
Calli House Youth Shelter	Richmond	Transition-age youth	6
Concord & Brookside Adult Interim Housing	Concord and Richmond	Single men & women	175
East County Shelter	Antioch	Single men & women	20
Emergency Shelter	Richmond	Families with children	75
Family Emergency Shelter	Concord	Families with children	30
Rescue Mission	Richmond	Families with children	150
Rollie Mullen Center	Confidential	Domestic Violence	24
Shepherd's Gate		Mixed	30
Winter Nights Shelter	Various	Mixed	0
Transitional Housing			
Appian House: Youth	Richmond	Transition-age youth	6
Deliverance House		Families with children	12
East County Transitional Housing	Antioch	Families with children	70
MOVE	Confidential	Domestic Violence	28
Next Step		Mixed	7
Pittsburg Family Center	Pittsburg	Families with children	32
Pride and Purpose House	Richmond	Children	6
Project Independence	Richmond	Mixed	25
Prop 36 Housing	Scattered Site	Single men and women	
REACH Plus	Scattered Site	Mixed	128
San Joaquin II	Richmond	Families with children	20
Transitional Housing	Richmond	Mixed	44
Transitional Housing		Children	5
Permanent Housing			
ACCESS	Scattered Site	Single men and women	30
Aspen Court		AIDS	2
Casa Barrett		Single men and women	6
Casa Lago	Antioch	Single men and women	13
Casa Verde		Single men and women	11
Garden Parks Apartments	Pleasant Hill	HIV	72
Idaho Apartments	Richmond	Single men and women	28
Maple House	Concord	Single men and women	5
Mary McGovern House	Concord	Single men and women	6
Project Coming Home	Scattered Site	Single men and women	40
Shelter Plus Care	Scattered Site	Mixed	318
Sunset House	Pittsburg	Single men and women	8
Transitional Housing Partnership	Scattered Site	Mixed	37
Walter's Way House	Concord	Single men and women	12
West Richmond Apartments	Richmond	Single men and women	4

SOURCE: CONTRA COSTA COUNTY INTERAGENCY COUNCIL ON HOMELESSNESS, 2008

Despite these and other programs to aid the homeless, the magnitude of this problem far exceeds the resources of local government, particularly smaller cities. The City in general supports "Ending Homelessness in Ten Years: A County-Wide Plan for the Communities of Contra Costa County" (Ten Year Plan).

Through the Ten Year Plan, the County has adopted a "housing first" strategy, which works to immediately house a homeless individual or family rather than force them through a sequence of

temporary shelter solutions. The Ten Year Plan further deemphasizes emergency shelters by supporting "interim housing" as a preferred housing type. Interim housing is very short-term and focuses on helping people access permanent housing as quickly as possible. Services provided in interim housing include housing search assistance and case management to help address immediate needs and identify longer-term issues to be dealt with once in permanent housing.

To determine the amount of unmet need for emergency shelter, transitional housing and permanent supportive housing, researchers compared the results of the Homeless Provider Survey to the data specific to the number of persons living on the streets: the January 2007 unsheltered homeless point-in-time count and Project HOPE outreach team data. Statewide and national data were then considered regarding homeless people and their needs. Researchers compared the difference between total homeless persons and housing inventory to determine the unmet need. In the final analysis, the unmet need was divided between emergency and permanent supportive housing, with the vast majority of the unmet need going to permanent supportive housing, consistent with the Housing First strategy. Additionally, there is no unmet need for transitional housing.

Consistent with the Ten Year Plan, the City will prioritize the use of its limited housing development resources to support permanent housing affordable to those with extremely-low, very-low and low incomes. The City, however, will comply with a recent revision to Housing Element Law regarding the identification of adequate sites to facilitate the development of emergency shelters and transitional housing with programs, which identify an area suitable for this use.

Programs contained in this Housing Chapter require a Zoning Ordinance Amendment to allow emergency shelters as a permitted use in the General Commercial District C-1 (Zoning Map symbol C-1). The C-1 Zoning District is an appropriate location for such a facility because:

- There are several underutilized sites within this district;
- This area is centrally located and near public transit; and
- All infrastructure, such as water, sewer, roads, and sidewalks, is in place.

PREVIOUS HOUSING ELEMENT

Prior to the 2002 Housing Element, the City of Lafayette's Housing Element was last revised April 1986. The Regional housing Allocation for the last reporting period was:

TABLE 29
ABAG HOUSING NEEDS DETERMINATION 1999 – 2007

Income Group – Percentage of County Median Income	Percentage of Total	Total Housing Unit Need
Very Low [0-50]	15	30
Low [50-80]	9	17
Moderate [80-120]	22	42
Above Moderate [>120]	54	105
Total	100	194

The policies and implementing actions of the previous Housing Element concentrated on preservation of existing single-family neighborhoods and encouragement of second units and

multi-family and senior citizen housing. See Appendix A for a complete review of the previous Element's implementing actions.

The City has been moderately successful in achieving the goals established by the previous Housing Element as illustrated in the table below:

TABLE 30
PROGRESS TOWARDS MEETING REGIONAL HOUSING NEEDS 1999 TO 2007

Income	Regional Housing Needs Allocation 1999-2007	Building Permits Issued	Percentage of RHNA
Very Low	30	15	50
Low	17	2	12
Moderate	42	78	186
Above Moderate	105	97[3]	92

The revised Housing Chapter builds on the foundation established by the previous Element, but contains more specific implementation programs and quantified objectives. Priorities of the Chapter include: (1) conservation and rehabilitation of existing homes, encouragement of housing in the downtown and (3), programs to advertise, implement and fund these activities. The revised Housing Chapter also recognizes the need to provide stronger incentives for the construction of additional affordable housing.

[3]In this period, the City issued 168 permits for new homes and 71 demolition permits.

MEETING THE REGIONAL HOUSING NEEDS ALLOCATION

Table 32 shows the vacant or underdeveloped land in the Downtown that could accommodate the regional housing needs allocation. The figures shown in the table are based on a parcel-by-parcel analysis of the number of dwelling units that could be constructed, taking into account the site constraints specific to each parcel, the residential densities typically approved for similar properties, and the requirements of the Zoning Ordinance. The conclusion that can be drawn from this table is that the City has sufficient vacant and underdeveloped land to meet its remaining regional housing allocation

Appendix B contains a list of vacant and underdeveloped properties in the downtown area that have the potential of being used for multifamily housing. The sites identified in this inventory are spread along the entire length of Mt. Diablo Blvd. Development of these sites for multifamily housing will not necessarily impact the streets in the Downtown Core that are most heavily used. Residents from these multifamily developments have a variety of options to exit the downtown and access the freeway, including Pleasant Hill Road to the east and Acalanes Road to the west. The residential development would also generate less traffic impacts than commercial development.

Despite sufficient vacant and underdeveloped land there exist potentially significant constraints to increased residential development, which are discussed in the *Constraints to Housing Development* section. Table 31 represents the quantified goal of the City to provide 335 new and rehabilitated housing units.

TABLE 31
QUANTIFIED OBJECTIVES SUMMARY

Income Level	New Construction	Rehabilitation/ Conservation	Totals
Extremely/Very Low Income	45	5	50
Low Income	20	10	30
Moderate Income	50	5	55
Above Moderate Income	200	0	200
Grand Total	**315**	**20**	**335**

SOURCE: LAFAYETTE PLANNING DIVISION, 2009

TABLE 32
RESIDENTIAL POTENTIAL FOR VACANT AND UNDERDEVELOPED LAND IN THE DOWNTOWN

General Plan Classification	Zoning District	Vacant and Underdeveloped Land[4]	Potential Number of Units
West End	C	8.02	190
East End	C-1	8.90	235
Downtown Core	SRB, RB	3.64	120
High Density Multi Family	MRO/MRA	6.64	128
	Total Acres	27.20	673

SOURCE: LAFAYETTE PLANNING DIVISION 2008

A complete inventory of parcels is found in Appendix B and C. Underdeveloped land is land which has a development intensity significantly less than what is allowed under the City's land use regulations.

The site-specific analysis of underdeveloped parcels, as shown in Table 32, indicates there is a reasonable potential they will be developed with multi-family housing, since:

- The parcels are located in commercial and residential zoning districts which permit mixed uses and residential development at a density of up to 35 du/acre;

- The Redevelopment Plan provides incentives for the construction of multi-family housing and requirements for the provision of affordable housing; and

- There exists the potential of assembling underdeveloped parcels to facilitate application of development incentives contained in the Planned Unit Development (PUD) section of the Zoning Ordinance and adopted Specific Plans.

It will be market forces, however, that will have the strongest influence in determining the type, density, and phasing of future multi-family housing development in Lafayette. Such factors as interest rates and the vitality of the local and national economy are beyond the scope of local government.

[4] An inventory of parcels is found in Appendix B and C. Underdeveloped land is land which has a development intensity significantly less than what is allowed under the City's land use regulations.

GOVERNMENTAL CONSTRAINTS TO HOUSING DEVELOPMENT

Annexation Standards

An important land use regulation affecting development in Lafayette, as well as other cities in Contra Costa County, is the policy adopted by the Contra Costa County Local Agency Formation Commission (LAFCO) regarding annexation proposals.

The standards and procedures set forth in the LAFCO policy affect its review of requests for city annexation of lands proposed for development. The application of these standards will affect development of land outside existing City limits.

Currently, the Lafayette's Sphere of Influence does not extend substantially beyond the City limits. It is not expected that the existing Sphere of Influence area will be altered to include vacant lands that would yield many more developable lots.

Land Use Controls

The Lafayette Zoning Ordinance, contained within the City's Municipal Code, sets forth land use designations and development requirements for construction activity within the City. California law requires that the Zoning Ordinance be consistent with the General Plan. The Lafayette Zoning Ordinance will be amended to be consistent with the Housing Element following its completion.

The Zoning Ordinance establishes two primary types of residential zoning: Single-Family Residential (R-6, R-10, R-12, R-15, R-20, R-40, R-65, R-100, LR-10 and LR-5) and Multiple-Family Residential (D-1, MRA, MRB, MRO, MRT, APO and MRP). Multi family residential is also permitted in the commercial zoning districts (C, C-1, SRB, RB).

The City's zoning and development standards do not constitute a constraint to housing development. (See Tables 34, 35 and 36.) Regulations for residential development (e.g. required setbacks, maximum lot coverage, height limits, minimum lot sizes) are no more restrictive than those of surrounding jurisdictions. The Zoning Ordinance and related land use regulations serve to promote, rather than constrain, housing development. In addition to these zoning districts, the Zoning Ordinance incorporates the Planned Unit Development concept. Lafayette's PUD process permits housing developments to be built with flexible setbacks, lot coverage and other regulations and permits the construction of mixed-use developments. The proposed Woodbury condominium project (65 units) and existing Town Center apartments (75 units) are examples of higher density projects that have used the PUD process.

TABLE 34
SINGLE-FAMILY RESIDENTIAL DEVELOPMENT STANDARDS

Zoning District	Minimum Lot Area	Average Lot Width	Minimum Lot Depth	Maximum Building Height	Minimum Side Yards	Minimum Setback	Minimum Rear Yard
R-6	10,000 s.f.	80'	90	2 ½ stories (35')	10' (20' aggregate)	20'	15'
R-10	10,000 s.f.	80'	90'	2 ½ stories (35')	10' (20' aggregate)	20'	15'
R-12	12,000 s.f.	100'	100'	2 ½ stories (35')	10' (25' aggregate)	20'	15'
R-15	15,000 s.f.	100'	100'	2 ½ stories (35')	10' (25' aggregate)	20'	15'
R-20	20,000 s.f.	120'	120'	2 ½ stories (35')	15' (35' aggregate)	25'	15'
R-40	40,000 s.f.	140'	140'	2 ½ stories (35')	20' (40' aggregate)	25'	15'
R-65	65,000 s.f.	140'	140'	2 ½ stories (35')	20' (40' aggregate)	25'	15'
R-100	100,000 s.f.	200'	200'	2 ½ stories (35')	30' (60' aggregate)	30'	30'
LR-10	10 acres	200'	200'	2 ½ stories (30')	50'	50'	50'
LR-5	5 acres	200'	200'	2 ½ stories (30')	50'	50'	50'

TABLE 35
MULTI-FAMILY RESIDENTIAL DEVELOPMENT STANDARDS

Zoning District	Minimum Lot Area	Average Lot Width	Minimum Lot Depth	Maximum Building Height	Minimum Side Yards	Minimum Setback	Minimum Rear Yard
D-1	10,000 s.f.	80'	90'	1 ½ stories (25')	10'	20'	15'
MRA	10,000 s.f.	80'	90'	25' – 35'	10'- 20'	20'	15'
MRB	10,000 s.f.	80'	90'	35'	10'-20'	20'	15'
MRO	10,000 s.f.	80'	90'	2 - 3 stories (30'- 35')	10'	20'	15'
MRT	No minimum standards			25'	No minimum standards		
MRP	10,000 s.f.	80'	90'	1 story (20')	No minimum standards		

TABLE 36
MIXED COMMERCIAL AND RESIDENTIAL DEVELOPMENT STANDARDS

Zoning District	Minimum Lot Area	Average Lot Width	Minimum Lot Depth	Maximum Building Height	Minimum Side Yards	Minimum Setback	Minimum Rear Yard
RB	5,000 s.f.	N/A	N/A	35'	10' when adjacent to residential		
C	7,500 s.f.	55'	75'	35'	10'-20'	10'	10'20'
SRB	5,000 s.f.	N/A	N/A	3 Stories (35')	0' - 10'	0' - 6'	0' - 10'
C-1	7,500 s.f.	55'	75'	2 ½ - 3 stories (35')	0' - 10'	10'	0' - 10'
APO	4.94 acres	N/A	N/A	22'-36'	49.21'	26'- 49'	26.25'

The standards for on- and off-site improvements contained in the Subdivision Ordinance do not constitute a constraint to housing development. They are no more restrictive than those typically found in other Contra Costa County cities. Indeed, in some cases, less restrictive standards exist in Lafayette, since sidewalks with full curb and gutters are not required for most types of residential subdivisions. Sewer and water connection fees are established by the Contra Costa Central Sanitary District and the East Bay Municipal Utilities District and are therefore similar to other jurisdictions served by these districts in the County.

Inclusionary Housing Program

Inclusionary zoning programs – of which the City's local Below Market Rate or BMR program is one variant – are sometimes perceived as adding to the cost of housing by requiring the market-rate units to subsidize the affordable units. This is an area of much dispute, both in the Bay Area and nationally. There are as many positive aspects of inclusionary programs than there are negative aspects. For example, a study conducted by the National Housing Conference's (NHC) Center for Housing Policy (2000) highlighted several important contributions to inclusionary zoning to communities, not the least of which is the creation of income-integrated communities without sprawl. [5]

Within the last three years, several studies have been published that specifically address the issue of who pays for inclusionary zoning. Some of these studies assert that the costs associated with inclusionary programs are passed on to the market priced homes, while other studies assert that in fact the cost is not borne by the end users at all. For example, the "Reason Foundation" study entitled "Housing Supply and Affordability: Do Affordable Housing Mandates Work?" (April 2004) argues that housing consumers and some landowners pay for inclusionary requirements, not developers. The authors assert that market-rate buyers (and to some extent, renters) will be forced to pay higher amounts than they otherwise would for their units because of inclusionary zoning's implicit tax on other units.

5Inclusionary Zoning: A Viable Solution to the Affordable Housing Crisis?" (Washington, DC: The Center for Housing Policy, National Housing Conference, October 2000).

In an article published in the Hastings School of Law Review in 2002 which provided one of the first comprehensive reviews of inclusionary zoning and its cost implications for jurisdictions in California, Barbara Kautz, former Director of Community Development for the City of San Mateo and now a lawyer with Goldfarb and Lipman, noted that:

> Most cities that have conducted economic analyses have concluded that, in the long run, most of the costs are borne by landowners [rather than market rate renters or buyers.] Initially, before land prices have had time to adjust, either the market-rate buyers or the developer pays, depending on whether the market allows the developer to increase his prices. If the developer cannot raise the market price for the non-inclusionary units or lower his total costs, or some combination, his profits will decline.... To put this another way, builders will pay less for land because inclusionary zoning lowers their profits.[6]

Kautz asserts that developers will sell at the highest level they are able to sell at, meaning they will set prices according to what the market will bear. If a unit's market value is $500,000, it will be sold for $500,000. Developers would not "add" more to the price to pay for the affordable units that are required; if they could sell it at $550,000, for example, they would have sold it for that price in the first place. Furthermore, if the market value of a unit is $500,000, a buyer would not pay $550,000. And, if all a buyer can afford is $500,000, then the buyer will not spend $550,000. Ultimately, the price for a unit is dependent on what the market will bear; it is not directly affected by the affordability requirement.

The requirement to add inclusionary units results in substantial costs to a project compared to being allowed to build all market rate units. These costs cannot be passed on to other purchasers because buyers will not pay more because the development costs more; buyers pay what the market will bear relative to the desirability of the unit, the location and the community. Nor will the developer build for a lesser profit (unless the developer is unlucky enough to have purchased land and planned a project under one set of conditions and must sell units under a different set of conditions as a result of an unanticipated City policy.) The land price is the variable that adjusts, over time, to absorb the increased costs of development within the community.

If the cost of inclusionary zoning is not borne by the buyers or renters, but rather the developers (in terms of less profit) or the original landowners (also in terms of less profit), the question then becomes whether or not inclusionary zoning unfairly reduces the profit one can realize through the development of property. As the courts have repeatedly shown, zoning laws do not constitute a "taking" unless an owner is deprived of most, if not all, of the economic benefit of a property. Land is a limited community resource, and as such courts have given jurisdictions broad discretion in implementing a variety of land use mechanisms that tend to restrict both the value and the particular use of property in order to achieve objectives that meet the greatest public good.

In most instances – certainly within the State of California – local jurisdictions with inclusionary programs have analyzed them as potential constraints to development. This has been the directive of State HCD: while it pronounces "housing element law neutral relative to enactment of

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6Barbara Ehrlich Kautz, "In Defense of Inclusionary Zoning: Successfully Creating Affordable Housing," *University of San Francisco Law Review* – Vol. 36, No 4 (Summer 2002).

of mandatory local inclusionary provisions," the State also notes that there may be tradeoffs that must be discussed in the Housing Element's constraints section. However, jurisdictions almost always have implemented a number of incentives and cost benefits to mitigate these impacts, so that whatever constraint has been identified there is an offset offered to mitigate it.

In summary, the City has considered the pros and cons of providing affordable housing through the City's proposed inclusionary program and has determined that the benefits far outweigh the costs, especially since developers are afforded incentives to mitigate the costs.

Secondary Living Units

Title 6, Chapter 6-5, Article 3 of the Municipal Code sets forth regulations for secondary living units in single-family residential zoning districts. These regulations allow one second-unit per parcel on single-family residential lots provided that certain conditions are met. These include that the second unit:

- does not have more than two bedrooms
- is between 250 sq. ft. and 1,250 sq. ft. if attached to the primary residence and a maximum of 750 sq. ft. if detached
- complies with all applicable building codes
- conforms to existing zoning, fire and other health and safety codes
- is owner occupied or that the primary unit is owner occupied

The second unit ordinance was updated in 2003 to conform to California legislation (Chapter 1150, Statutes of 1990) amended Government Code §65852.1 and 65852.2 relating to second units.

Design Review

Lafayette adopted its Residential Design Review Guidelines on July 30, 1990. The stated goals of the design review process are to 1) minimize the visibility of structures and other improvements and to protect views to the hills, 2) retain natural features of the land, and 3) protect vulnerable habitat and native vegetation. The guidelines set forth criteria for site and building design and landscaping, with emphasis on hillside and ridgeline areas. The guidelines do not represent a significant constraint to housing production in Lafayette. (See Appendix C)

In 2000 and 2002, the Lafayette City Council approved amendments to the zoning ordinance requiring design review of structures exceeding 6,000 in gross floor area and structures exceeding 17 feet in height. The stated intent of these regulations is to minimize loss of light and privacy to neighbors, to minimize the out-of-scale appearance of large structures, to maintain the existing character of established residential neighborhoods, and to permit reasonable expansion of existing structures.

To streamline the development review process, the City also amended the zoning ordinance to grant the zoning administrator authority to act on a majority of design review applications or refer them to the Design Review Commission.

Condominium Conversions

The conversion of apartment units to condominium units was a major regional problem identified by the Association of Bay Area Governments in the late 1970's. In response, the Lafayette City Council adopted a Condominium Conversion Ordinance in 1979 requiring an evaluation of each potential conversion in the City. The Ordinance provided that the City should deny a conversion if the evaluation revealed that the conversion would be incompatible with the goals and policies of the General Plan.

In 1985, the City Council adopted amendments to the Ordinance (Chapter 32 of Title 6 of the Municipal Code) to allow a maximum of 12 such conversions annually. The provisions also provide for a review of this limitation in order to prevent adverse effects on the City's existing rental stock. The ordinance sets forth a general policy that units appropriate for conversion should be higher-quality units, the loss of which would have the least effect on low- and moderate-income tenants. Thus, while these restrictions place limitations on conversion of rental units to condominiums, they have the beneficial effect of preserving the diversity of the City's housing stock.

Development Fees

Table 37 lists Lafayette's permit, development, and impact fees and provides a comparison of fees for other cities in Contra Costa County. Based on a survey of other cities, Lafayette's fee levels for developers are midway in the range of fees charged by neighboring cities. Total estimated fees for construction of a 2,500 square foot single-family home are $63,739. It should be noted that over half of this total is from development fees imposed by agencies outside the City's control.

The City requires payment of different fees as a condition of development approval. Fees are tied to the City's actual costs of providing necessary services such as project review and plan checking fees or are set to recover the cost of needed infrastructure. These fees are reviewed and adjusted periodically; Lafayette's fees were last adjusted in July 2008. Planning fees are a small percentage of the total fees charged so even if the fees are increased, they would not constitute a deterrent to development.

TABLE 37
DEVELOPMENT FEES FOR LAFAYETTE AND SELECTED CITIES

City	Construction Estimate	Planning Fees	BP Fees	School Fees	Impact Fees	Utility Fees	Total Fees
Lafayette	$625,000	$3,800	$5,700	0	$18,546	$35,693	$63,739
Pleasant Hill	$625,000	$945	$6,000	$7,425	$5,420*	$35,693	$55,483
Orinda	$625,000	$3,520	$6,040	$5,560	$20,593	$37,193	$72,906
Moraga	$625,000	$2,050	$5,715	$4,785	$31,657	$35,693	$79,900
Walnut Creek	$625,000	$2,000	$13,775	$3,000**	$2,400***	$35,693	$56,868

"Other Impact Fees" include assessment fees for parks, drainage and transportation.
Construction estimate based on cost of construction of $250 per sft. for a $2,500 sft. new house

Since fees, particularly development impact fees, are set to recover the cost of needed infrastructure so that new development can proceed while maintaining desired public service

levels, it can be concluded that the City's existing fee levels are appropriate and do not constitute an undue governmental constraint on housing production. At the same time, the City recognizes that development impact fees represent a substantial cost, particularly for affordable housing development; therefore, the City has utilized funds to defray development impact fee costs for affordable housing projects, such as in the Town Center mixed-use project, on a case-by-case basis. The Town Center project contains 75 residential units, 15 of which are subject to affordability covenants. The City and Redevelopment Agency offered the following assistance to the developers of the Town Center project:

Item	Amount ($)
Site development options by City-hired architects	28,000
Sale of City-owned property at fair reuse value (fair market value: $512,000, sales price to developer: $415,000)	97,000
Demolition and clearing, including hazardous materials clearance, of City-owned property and access road.	50,000
50% of the cost of roadway improvements, including curb, gutter, sidewalk and decorative streetlights installation on the access road. (S. Thompson Road)	55,817
Accelerated development incentive relating to item 4 (above)	50,000 (paid in 2007)
50% of the cost of undergrounding the utilities on the access road.	30,700
50% of the cost of installing a signal, decorative pedestrian crosswalks at the project's main entrance at Lafayette Circle and Mount Diablo Blvd. As an incentive, the City offered to pay 100% of this cost if the developer completed the construction of the retail component on or before September 30, 1999.	65,000 (City paid 100%)
Construction of two pairs of ornamental crosswalks across Mount Diablo Blvd., at Lafayette Circle and Dewing Avenue	City paid for Dewing Ave crosswalks
50% of the cost of creating a landscaped entryway to the BART station.	12,500
Installation of parking meters on north side of Mount Diablo Blvd.	City paid for acquisition and installation of parking meter heads
Return to the developer the tax increment revenues from the housing project that the RDA would normally have received in exchange for a guarantee that a certain number of units would be set aside for very low and low income households.	estimated 400,000 over 30 year life
Contribution to ensure that all residential units are designed to comply with applicable state and federal laws relating to access by the disabled.	10,000
50% credit towards payment of parkland dedication fees	57,000

Building and Municipal Codes

Building codes and enforcement do not constrain housing development in Lafayette. As the City of Lafayette does not maintain its own Building Department, the Contra Costa County Building Inspection Department provides building inspection and building code enforcement services to the

the City. New construction is required to meet the requirements of the California Building Code (CBC).

The County Building Department inspects housing units when an owner seeks a building permit for additional construction or when a specific complaint relating to the health and safety of the building occupants is received. In conformance with the CBC, the County requires new construction to meet all building codes in effect today, but does not typically require previous work that was completed with the necessary permits to comply CBC with current standards.

In 2004, the City created a code enforcement position to monitor compliance with the zoning ordinance and other sections of the Municipal Code. The City's code enforcement officer meets on a weekly basis with the County's code enforcement division to coordinate tasks. A summary of code enforcement activities in 2008 is listed in Table 38. The City attempts to strike a balance between preventing blighted conditions and not setting the standard unnecessarily high. The code enforcement officer also serves as an information officer, providing the homeowners with copies of the City's regulations and advising them of ways to bring their properties into compliance.

TABLE 38
YEAR 2008 CODE VIOLATION COMPLAINTS*

Month	Building Code & Zoning	RVs, Boats Trailers and Vehicles	Noise	Signs	Home Business	Encroach-ment in Public Right of Way	Trees	Livestock	Illegal Dumping	Residential Nuisance
January							2			3
February	2	3					2			5
March	1	1	3			2	1			4
April	3	2					1			3
May	2	1								5
June	3	1					1		1	1
July	1	3		1			2		1	4
August		1	1	1			1			3
September	1	3	1	2		2	1	1	1	2
October	1	2		10						1
November	1	2		5		1	1			2
December		2		1			2			1
Year End Totals	**15**	**21**	**5**	**20**	**0**	**5**	**14**	**1**	**3**	**34**

Processing Time

The time taken to process development applications affects housing costs, since interest on loans must continue to be paid. The longer it takes for the development to be approved, the higher the costs will be. The time to process residential developments does not constitute a constraint in Lafayette. The following are estimated processing times for residential development.

Applications for a building permit on a dwelling with no special permit or exception to the standards required:

- Planning Division - 1/2 to 1 hour
- Building Department - 2 hours to 2 weeks

Review requiring special zoning permit or exception to zoning regulations requiring one or more public hearings (e.g. Variance, Design Review, Use Permit):

- Planning Division, Design Review Commission, or Planning Commission - 4 to 12 weeks
- Building Department - 2 hours to 2 weeks

Review requiring change of zoning or subdivision, or Environmental Impact document:

- Planning Division, Planning Commission, or City Council - 12 weeks to 1 year

- Building Department - 2 hours to 2 weeks (Includes code compliance, structural, grading, and Title 24 review. Does not include back-up time, rework by applicant, or field inspections and varies with the complexities of the plan. Back-up time varies with volume of applications in the department and can be as long as two to three weeks.)

These processing times are comparable to the time taken for processing similar projects in surrounding cities. It is anticipated that implementation of the policies contained in this Housing Chapter will reduce the time required for reviewing projects incorporating affordable housing units.

Infrastructure Constraints

Despite the buildout figures mentioned earlier, there exist potentially significant constraints to increased housing development related to the adequacy of the City's infrastructure. These include:

- The potable water system is in need of immediate and significant repair and upgrading. Leaks have been identified on several main water distribution lines and several others show signs of deterioration. This problem is being actively assessed by the East Bay Municipal Utility District.

- Several areas have inadequate storm drains and others are in need of repair. It is estimated that there are currently $15 million in storm drain repairs and upgrades based on City's Drainage Master Plan.

- Traffic congestion on arterials is a significant and worsening problem. Through-traffic during peak hours is the predominant source of traffic congestion. Based on the City's Pavement Management System update in 2008, 114 streets within Lafayette are in need of repair and it will cost the City approximately $18 million to repair them.

- The majority of future residential development will occur downtown, since the City is nearly built out and the majority of remaining vacant and underdeveloped parcels permitting higher-density residential uses are located there. The Downtown is ill equipped to handle a large increase in population since it has few amenities such as parks, trails, and other recreation facilities.

- Financial limitations are acute, since Lafayette is one of the few "no or low property tax" cities in California.

- The impacts of increasing enrollment in an already strained educational system needs to be analyzed.

- The existing hilly topography and layout of the City creates the need to study several safety issues such as seismic constraints and emergency evacuation plans.

- The City has the lowest per capita police staffing in Contra Costa County and steeply increasing costs for police.

- The City has a $250,000 annual shortfall in revenue for downtown maintenance.

In an effort to address these issues, the City has put forth a number of ballot measures seeking to increase revenue, all of which needed two-third supermajority to pass (numbers in parenthesis indicate the percent that supported the measure):

- 1998: Police Parcel Tax (45%)
- 2004: Road Repair Ad Valorem Tax (58%)
- 2006: Police Parcel Tax (61%)
- 2007: Road Repair Parcel Tax (63%)

None of these measures were successful. In addition, the City placed an assessment district increase before downtown property owners in 2007 to fund downtown maintenance, but the proposal was rejected.

In spite of these setbacks, the City's infrastructure problems have received attention in recent years. Lafayette adopted a Redevelopment Plan in 1995 with a specific projects list designed to remedy many of the City's infrastructure problems that include:

- Redevelopment funds are projected at about $111 in housing funds and $35M in non-housing funds over the life of the plan. The redevelopment area covers the downtown where the majority of the City's future housing development would occur.

- Replace and reconstruct storm drains in coordination with street reconstruction projects (ongoing).

- Undertake pavement management efforts including reconstruction of Mt. Diablo Boulevard and other streets located in the project area (The reconfiguration of the Mt. Diablo Blvd. and Moraga Road intersection has been completed)

- Underground utilities and replace streetlights with vintage lamp fixtures in the core downtown area (ongoing).

- Improve traffic, parking and pedestrian circulation in the core business district (ongoing).

- Improve meeting places and provide gathering points and activity areas for Lafayette's senior citizens (the City has commissioned a senior needs assessment study).

- Rebuild and/or upgrade Lafayette's public library facility (a new library is under construction)

- Implement the City's new Downtown Street Improvement Master Plan, which includes planting new and replacing deficient street trees, improving and irrigating street islands, and improving pedestrian walkways (ongoing)

- Procure land and provide convenient off-street parking lots in the downtown area according to the City's master parking improvement plan (This is being studied in the Downtown Strategy and Specific Plan)

Constraints Housing for People with Disabilities

Both the Federal Fair Housing Act (FHA) and the California Fair Employment and Housing Act (FEHA) impose an affirmative duty on local governments to make reasonable accommodations (i.e., modifications or exceptions) in their zoning laws and other land use regulations and practices when such accommodations "may be necessary to afford" disabled persons "an equal opportunity to use and enjoy a dwelling." This directive was further enhanced by adoption of Senate Bill 520 in 2002 which amended housing element law to require local governments to analyze constraints upon the development and maintenance of housing for persons with disabilities and to remove those constraints or provide reasonable accommodations for housing designed for persons with disabilities.

"Reasonable accommodation" is defined as the act of making existing facilities used by residents readily accessible to and usable by individuals with disabilities, through the removal of constraints within the zoning, permit and processing procedures. Reasonable accommodation was originally meant to provide accommodation for housing for people who needed accommodation on a personal basis. However, the State has taken an expanded view and now considers reasonable accommodation to include land use, development improvements, and accessibility, as well as processing and administration. An accommodation is deemed "reasonable" as long as it does not impose "undue financial and administrative burdens" on the jurisdiction or require a "fundamental alteration in the nature" of its zoning scheme. In other words, the City must create a process to allow disabled persons or developers and operators of housing for people with disabilities to make a claim for relief from whatever constraints they assert exist.

In response to Senate Bill 520 and amended housing element law, a program was added to the Housing Chapter of the 2002 General Plan. Program H-3.3.2 states,

> Program H-3.3.2: Housing for Persons with Disabilities: Analyze and determine whether there are constraints on the development, maintenance and improvement of housing intended for persons with disabilities, consistent with Senate Bill 520 enacted on January 1, 2002. The analysis will include an evaluation of existing land use controls, permit and processing procedures and building codes. If any constraints are found in these areas, the City will initiate actions to address these constraints, including removing the constraints or providing reasonable accommodation for housing intended for persons with disabilities.

One of the tasks in the Planning Services Division 2005 Work Plan was to implement housing program H-3.3.2. Reasonable accommodation and modification is a process for making residential facilities readily accessible to and usable by individuals with disabilities through the removal of constraints within land use, zoning, permit and processing procedures. There appear to be no overt constraints in the City's codes or permit and processing procedures. The City adopted the latest California Building Standards Uniform Building Code which includes provisions for accessibility and the zoning ordinance allows the establishment of group homes for up to six persons by right in single-family zoning districts. However, the City's codes, as well as permit and processing procedures, do not facilitate housing for persons with disabilities. The zoning ordinance contains occupancy standards that apply specifically to unrelated adults and not to families. Residential uses on the ground floor in Lafayette's our mixed use districts are not allowed and parking requirements do not take into consideration a reduction in parking for special needs housing. Although a variance or land use permit may be granted to overcome these limitations, procedures to process these permits require public hearings and payment of fees between $1,250 and $3,750.

Upon review of the City's codes and permit and processing procedures and review of guidance from the Attorney General and the California Department of Housing and Community Development, the City determined that a reasonable accommodation ordinance was is an appropriate way to implement Housing Element program H-3.3.2 and the provisions of the FHA and FEHA.

Several cities, including Fremont, Long Beach, Berkeley, San Jose, Santa Rosa, and Woodland, have adopted reasonable accommodation ordinances. Staff reviewed these ordinances and drafted an ordinance that would provide reasonable accommodation procedures for requests for housing designed for occupancy by persons with disabilities seeking relief from land use and zoning regulations and reasonable modification in a policy, practice, or procedure while balancing the City's interest in sustaining and enhancing residential neighborhoods.

As illustrated in the ordinance adopted by the City Council in March 2006, reasonable accommodation requests are to be reviewed by the Zoning Administrator. If the request is de minimus in nature, the Zoning Administrator may issue a reasonable accommodation permit. Requests for reasonable accommodation may include yard encroachments for ramps and other accessibility improvements, hardscape additions that result in noncompliance with required landscaping or open space provisions, and reduced parking where the disability clearly limits the number of persons operating vehicles. Prior to approving a reasonable accommodation request, the Zoning Administrator must make findings related to special need, potential impact on surrounding uses, and whether the requested modification would require a fundamental alteration in the nature or effect of the city's land use and zoning ordinances, programs or policies.

Although a reasonable accommodation request could not include exemption from the requirement for a land use permit if one was required, an applicant could request accommodation in completing application forms or request an alternate time for a public hearing. For example, a disabled person wanting to establish a group home for more than six disabled persons must obtain use permit approval by the Planning Commission. If the applicant cannot drive and their caregiver cannot drive after dark, the applicant can not request exemption from the land use permit process,

permit process, but the applicant can request transportation to the evening meeting or request that the meeting occur before it gets dark so the caregiver can drive them.

Reasonable accommodation was originally meant to provide accommodation for housing for people who needed accommodation on a personal basis. However, the State has taken an expanded view and now considers reasonable accommodation to include land use, development improvements, and accessibility, as well as processing and administration. For that reason, section 6-3401, Purpose, is revised as follows, "by providing reasonable accommodation in the application of its land use and zoning regulations and reasonable modification in a policy, practice, or procedure for housing designed for occupancy by qualified persons with disabilities seeking fair access to housing."

NON-GOVERNMENTAL CONSTRAINTS TO HOUSING DEVELOPMENT

Community Sentiment

The City of Lafayette is committed to upholding the goals of its General Plan, which include:

1. Preserving and enhancing the character of Lafayette as a low-density semi-rural residential community, and
2. Facilitating and encouraging the development of diverse housing types and additional affordable housing units to accommodate diversity amongst Lafayette citizens in terms of age and socio-economic background and to meet regional housing needs.

The community values the semi-rural character of its hillside residential neighborhoods. Nongovernmental constraints include a variety of factors that negatively impact "the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction" {65583(a)(5)}. Clearly, the potential list of all constraints on the development could be quite long, and might include information on national economic conditions and regional geology. However, this analysis this Housing Element will focus on nongovernmental constraints significantly impact the provision of housing in the community.

Financing Availability

The availability of financing can sometimes constrain the development or conservation of housing. Until the end of 2008, home mortgage credit was readily available at attractive rates throughout the U.S. The beneficial effects of lower mortgage interest rates on homeownership affordability are profound. For example, with mortgage interest rates at 10%, and assuming a 15% down payment, a family with an annual income of $60,000 can qualify to purchase a $166,000 home. With interest rates at 8%, the same household with the same $60,000 income qualifies to purchase a $198,000 home. Were interest rates to fall to 6%, the same household could qualify for a $242,000 home.

Mortgage interest rates clearly have an influence on homebuyers, especially at the lower incomes. Despite recent substantial cuts in the prime lending rate by the Federal Reserve Board, mortgage

rates have generally not seen a concomitant drop. Nonetheless, mortgage rates have general declined since the early 1990s, during which time the rates were as high as 10% to 12%.

A related issue is the financing available for the construction of new housing development. According to the Statewide Housing Plan, land developers purchase raw land, entitle and subdivide it, and, sometimes, depending on the developer and market, install on-site services (e.g., streets, sewers, drainage) and pay for off-site improvements. These activities are generally carried out two to five years ahead of unit construction. The long lead times and high costs associated with these activities create a considerable risk for the developer.

The State notes that the high levels of risk associated with land development make it difficult for land developers to find investors and financing. As a result, potential land investors typically require large premiums over and above other types of real estate investments. Lenders who make land development loans impose lower loan-to-value-ratios, charge higher rates, and/or require the loan to be a recourse loan. If other, lower-risk lending opportunities are available, lenders may eschew land development loans altogether.

Twenty years ago, private lenders would provide construction financing based on the loan-to-value ratio of 80%. As federal rules changed regarding the regulation of lenders in the 1980s, lenders became more conservative in the underwriting practices they employed in terms of their loan-to-value ratios. Although this reduced the risk to lenders, it negatively impacted the ability of developers to find sufficient funding for new development. In some cases, in the 1990s banks were reported to provide loans of only 50 to 65% of the project's value.

Today, the economic condition in the country is quite dire, and financing for any development is extremely difficult. The foreclosure crisis has also hit the Bay Area, some areas more than others. At the beginning of 2009, there were about 58 units in pre-foreclosure, foreclosure, or in auctions in the City of Lafayette according to RealtyTrac out of a total 9,213 units, or 0.6%. In contrast, in the City of Antioch (also in Contra Costa County), with a total of 33,936 units, almost 870 were somewhere in the foreclosure process (2.5%). Although home affordability has been improving as a result of the increasing numbers of foreclosures on the market, building permits, starts and sales continue to decline because prospective homebuyers either lack access to credit or the confidence to buy. According to industry experts, the recent drop in 30-year fixed mortgage rates to near 5% will cushion the decline in housing but is not enough to stop it. That will take an end to declining home prices and much improved confidence about income security. Neither is likely in the next few months.

In addition, the unexpectedly large drop in housing permits and starts in November 2008 probably reflects in part the loss of credit by homebuilders and developers which forced them to cease building. In the affordable housing market, developers are having difficulty raising enough funds in already-tapped sources to meet their housing cost gaps.

Development Cost

Construction Cost

Escalating land prices and construction costs due to a high demand for housing are major contributors to the increasing cost of housing in the Bay Area. A major impediment to the

production of more housing is the cost of construction, which involves two factors: the cost of materials, and the cost of labor. However, the cost of construction varies with the type of new housing and the way it is built. According to the Association of Bay Area Governments, wood frame construction at 20-30 units per acre is generally the most cost efficient method of residential development. However, local circumstances of land costs and market demand will impact the economic feasibility of construction types.

New York is the costliest city in which to build in the United States, with San Francisco in second place. An affordable project approved in Lafayette, which will begin construction in early 2009, illustrates the real-world implications of high construction costs. This 46-unit development is projected to cost about $22 million, which translates to about $264,000 per unit for construction costs alone. Soft costs are an additional $130,000 per unit, and land costs are about $82,000 per unit. All told, the per-unit development costs total about $475,000 per unit.

The following chart from Reed Construction Data shows key indicators in residential construction as of December 2008. While some indicators bode well for residential construction, other changes suggest a deepening economic crisis from which the housing market may take some time to recover.

TABLE 39
KEY INDICATORS OF THE U.S. MARKET ENVIRONMENT — DEC 2008
RESIDENTIAL CONSTRUCTION (NEW AND REMODELING)

	Year Ago	Previous Month or Qtr.	Latest		Level	Recent Trend	Impact on Const.
New Residential							
Affordability – 30-Year mortgage index (NAR)	119.2	135.2	Oct	141.8	High	Rising	↑
Affordability – 1-Year ARM mortgage index (NAR)	121.0	141	Oct	142.9	High	Rising	↑
Consumer income growth, % change y/y (U.S. Commerce Dept.)	5.6	0.2	Oct	-0.4	High	Falling	↓
Consumer real income growth, % change y/y (U.S. Commerce Dept.)	3.2	-9.2	Oct	-10.4	High	Falling	↓
Employment change, 000s (U.S. Labor Dept.)	60	-320	Nov	-533	Low	Falling	↓
Household net worth, % change y/y (FRB)	8.8	-0.7	Q2	-3.5	Average	Falling	↓
30-Year fixed mortgage rate, % level (Freddie Mac)	6.10	6.14	W/E Dec 18th	5.17	Low	Falling	↓
1-Year ARM mortgage rate, % level (Freddie Mac)	5.5	5.33	W/E Dec 18th	5.09	Low	Falling	↓
Consumer confidence index (The Conference Board)	87.8	38.8	Nov	44.9	Low	Rising	↑
Housing market index (NAHB)	19	9	Dec	9	Low	Steady	↔
Homes under construction, 000s	1,077	881	Nov	857	Low	Falling	↓

	Year Ago	Previous Month or Qtr.	Latest		Level	Recent Trend	Impact on Const.
(U.S. Census Bureau)							
New home inventory, number-of-months supply (U.S. Census Bureau)	8.6	10.9	Oct	11.1	High	Rising	↑
Existing home inventory, number-of-months supply (NAR)	10.5	10	Oct	10.2	High	Rising	↑
Residential Remodeling							
Existing home sales, 000s (NAR)	5,060	5,140	Oct	4,980	Low	Steady	⇔
Building supply store sales, seasonally adj. $ millions (U.S. Census Bureau)	28,005	26,905	Nov	26,587	Low	Falling	↓
Wood product shipments, seasonally adj. $ millions (U.S. Census Bureau)	8,402	7,963	Oct	8,050	Low	Falling	↓
Remodeling contractor hours worked, % change y/y (U.S. Labor Dept.)	-10.1	-5.8	Oct	-5.2	Low	Falling	↓
Mortgage refinancing applications, index (Mortgage Banking Association)	2,127	1,281	W/E Dec 12th	4,156	High	Rising	↑

Abbreviations: y/y = year over year; WE = week ending; ARM = adjustable-rate mortgage;
NAR = National Association of Realtors; FRB = Federal Reserve Board;
NAHB = National Association of Home Builders.
Table: Reed Construction Data and Reed Construction Data - CanaData

Cost of Land

The cost of land varies considerably between and within jurisdictions. Market factors, especially the desirability of the location, play an important role in setting property values. Recent projects in Lafayette translate into $100 to $150 per square foot. All of these factors serve to impact the overall cost to produce housing, including affordable housing. Developer overhead and indirect costs, such as project management, design, marketing and taxes, typically adds about 10% to 15% of total costs. Financing of the construction project typically represents another 15% of the total costs. As noted in the Eden example above, the total cost per unit can run more than $475,000, which equals more than $530 per square foot of building space.

ENERGY CONSERVATION, CLIMATE CHANGE, AND SUSTAINABILITY

The City encourages energy conservation in residential projects. The building orientation, street layout, lot design, landscaping, and street tree configuration of all residential projects are reviewed in order to maximize solar access and energy conservation. Residential structures must meet the requirements of Title 24 relating to energy conservation features of the Uniform Building Code.

The City adopted its Environmental Strategy in November 2006. Since then, staff, the Environmental Strategy Task Force, and other citizen volunteers have been implementing this sustainability policy for the community. Included in this effort has been the discussion of green building guidelines. Most Bay Area cities have implemented or are in the process of developing green building programs, and the City intends to develop guidelines over the next two years. Having a consistent standard throughout the region will make green programs easier to accept by the development and construction community.

Some cities have started out with mandatory requirements. Others are only doing voluntary programs. But a lot of cities have a hybrid approach – starting out with a voluntary guideline program and then introducing mandatory requirements in phases. This approach has two benefits. It provides a period of time for public education and for staff to get familiar with green building techniques. It also allows time to create a pool of qualified reviewers, either our staff with training or outside certified consultants. Having this pool is one of the barriers cities have been facing to moving forward with mandatory programs; there are not enough people trained to check plans for compliance with Build It Green or LEED standards.

ICLEI - Local Governments for Sustainability is an international association of local governments as well as national and regional local government organizations that have made a commitment to sustainable development. Over 1004 cities, towns, counties, and their associations worldwide comprise ICLEI's growing membership. ICLEI works with these and hundreds of other local governments through international performance-based, results-oriented campaigns and programs.

ICLEI is attempting to standardize the work being done by cities and counties to establish greenhouse gas emission baselines and develop action plans for reducing these emissions. Alameda County and its cities were the first to go through a process together to do this work with assistance from ICLEI. Contra Costa County and its cities are now going through the process.

This work has taken on more importance since the passage of AB32 with its goal to reduce the state's greenhouse gas emissions to 2000 levels by 2010 (11% reduction), 1990 levels by 2020 (25% reduction), and 80% below 1990 levels by 2050. These reductions will be accomplished through an enforceable statewide cap on statewide emissions that will be phased in starting in 2012. To implement the cap, AB32 directs the California Air Resources Board to develop appropriate regulations and establish a mandatory reporting system to track and monitor emission levels. Additionally, AB 32 requires that the Board use the following principles to implement the cap:

- Distribute benefits and costs equitably